

AP 19 '20

THE ROUND TABLE

A QUARTERLY REVIEW OF THE
POLITICS OF THE BRITISH COMMONWEALTH

CONTENTS

The British Empire, the League of Nations, and the United States

International Financial Co-operation

The Growing Responsibility of Labour

Problems of Europe ; the Paris Conference and After :

The Treaty with Germany—Belgium—The Reconstruction of South-Eastern Europe—The Adriatic—Thrace and Constantinople

Revolution and Counter-Revolution in Russia :

The Russian Question in Western Europe—The Failure in Siberia—Conditions in Southern Russia—The Muddle in the Baltic—The Present Situation—The New Allied Policy

Tangier : A Study in Internationalisation

United Kingdom :

The Future of Parties—The Irish Problem Once More

India :

Foreign Affairs—Amritsar—The Economic Background—The Reforms and Public Opinion—The Conferences

Canada :

Sir Robert Borden and the Coalition—The Farmers' Political Movement—Naval Policy and Imperial Organisation

Australia :

The Death of Mr. Deakin—Lora Jellicoe's Report—The Federal Elections

South Africa :

The Coming General Election—The Indian Problem—The Southern Rhodesia Commission

New Zealand :

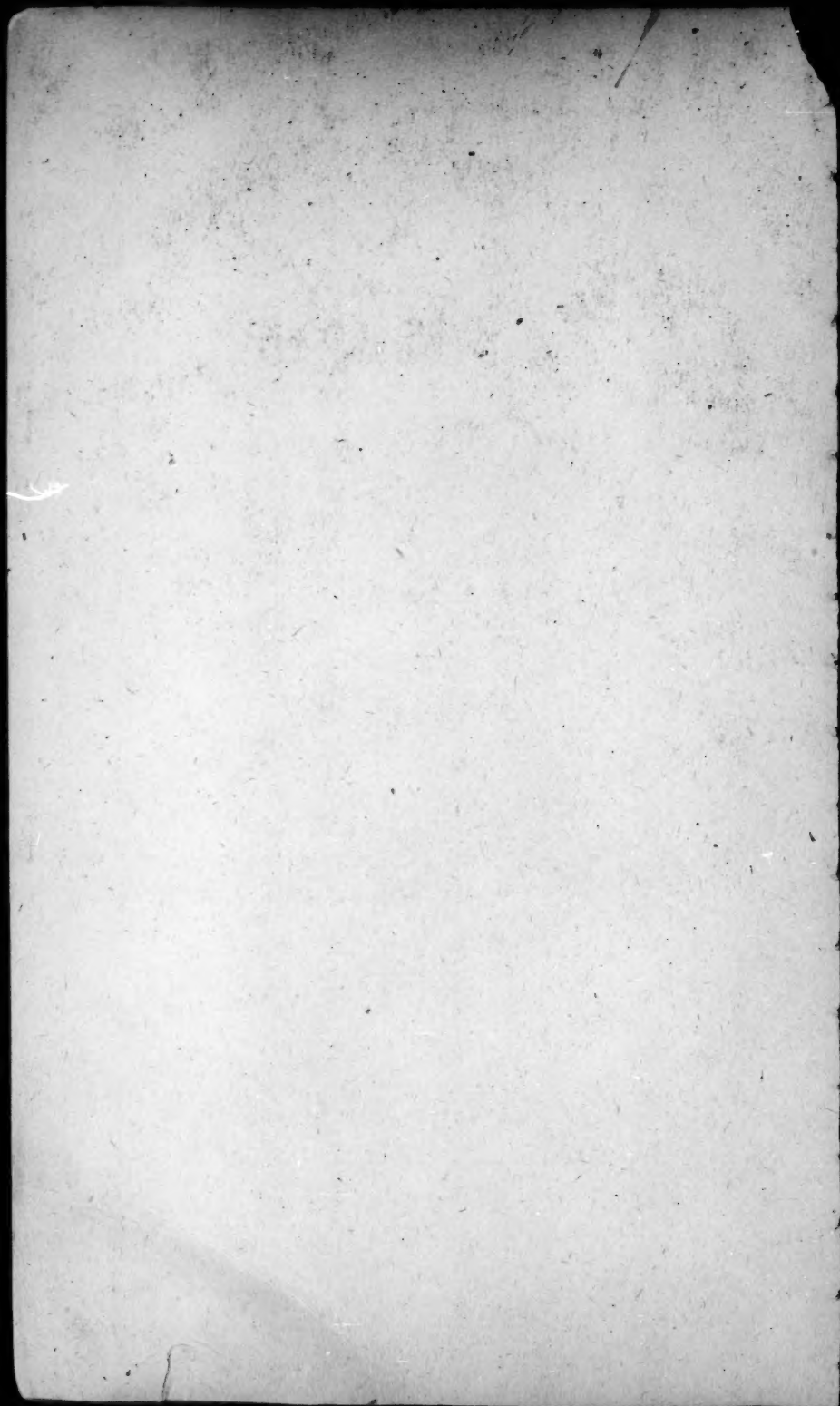
The Mandate for Samoa—Nauru and other External Affairs—The General Election : Parties and Programmes—The General Economic Situation

Review : John Hugh Allen

MARCH · MCMXX

Price 5/-

N° 38



THE ROUND TABLE

A QUARTERLY REVIEW OF THE
POLITICS OF THE BRITISH COMMONWEALTH

CONTENTS

The British Empire, the League of Nations, and the United States	page 221
International Financial Co-operation	254
The Growing Responsibility of Labour	276
Problems of Europe : the Paris Conference and After	293
<i>The Treaty with Germany—Belgium—The Reconstruction of South-Eastern Europe—The Adriatic—Thrace and Constantinople</i>	
Revolution and Counter-Revolution in Russia	322
<i>The Russian Question in Western Europe—The Failure in Siberia—Conditions in Southern Russia—The Muddle in the Baltic—The Present Situation—The New Allied Policy</i>	
Tangier : a Study in Internationalisation	348
United Kingdom	361
<i>The Future of Parties—The Irish Problem Once More</i>	
India	381
<i>Foreign Affairs—Amritsar—The Economic Background—The Reforms and Public Opinion—The Conferences</i>	
Canada	400
<i>Sir Robert Borden and the Coalition—The Farmers' Political Movement—Naval Policy and Imperial Organisation</i>	
Australia	419
<i>The Death of Mr. Deakin—Lord Jellicoe's Report—The Federal Elections</i>	
South Africa	439
<i>The Coming General Election—The Indian Problem—The Southern Rhodesia Commission</i>	
New Zealand	467
<i>The Mandate for Samoa—Nauru and other External Affairs—The General Election : Parties and Programmes—The General Economic Situation</i>	
Review : John Hugh Allen	488

N^o 38. Price 5/-. MARCH · MCMXX
London : MACMILLAN & CO., LTD.

NOTE

THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in all parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of Imperial politics, entirely free from the bias of local party issues. The affairs of THE ROUND TABLE in each portion of the Commonwealth are in the hands of local residents who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE will reflect the current opinions of all parts about Imperial problems, and at the same time present a survey of them as a whole. Opinions and articles of a party character will be rigidly excluded.

THE ROUND TABLE can be obtained through any bookseller or through any of the following:

UNITED KINGDOM: Messrs Macmillan & Co., Ltd., St. Martin's Street, W.C.

CANADA: The Macmillan Co., of Canada, 70 Bond Street, Toronto.

AUSTRALIA: Messrs Macmillan & Co., Ltd., 109 Russell Street, Melbourne.

SOUTH AFRICA: J. Tyndall, Esq., 29 Sauers Buildings, Johannesburg.

NEW ZEALAND: A. R. Atkinson, Esq., 142 Featherston Street, Wellington.

INDIA: Messrs Macmillan & Co., Ltd., Bombay, Calcutta, and Madras.

EGYPT: Cairo Express Agency, near Shepheards Hotel, Cairo.

CHINA, JAPAN AND STRAITS SETTLEMENTS: Messrs Kelly & Walsh, Shanghai, Hong-Kong, Yokohama, Singapore.

UNITED STATES: The Macmillan Co., 64-66 Fifth Avenue, New York.

THE BRITISH EMPIRE, THE LEAGUE OF NATIONS AND THE UNITED STATES

IT is nearly sixteen months since hostilities ceased between the Western Allies and the German Empire. At the time of the Armistice we rested on our arms with high hopes for the future of the world, and with a vigorous confidence in our power to set its troubles right. These hopes sustained us through the long negotiations for peace; and though some criticism and disappointment made themselves felt when the terms of peace with Germany were published, the greater part of the world continued to believe that a new and better era was about to atone for the strain and misery of the past five years.

The state of Europe now, only seven months later, presents a sad and striking contrast to that belief. The greater part of Europe, so far from making progress, is much deeper in distress than before. France awaits an indemnity which cannot be paid, and has so far made no attempt to arrest by taxation the inflation of her currency and her growing indebtedness. Italy is in very similar case. Germany is still suffering from a serious shortage of food, and her population seems to regard the future with mute despair. In Austria famine is almost universal, and the whole mechanism of civilised existence is at a standstill. Eastern and South-Eastern Europe, and many parts of the Middle East, are still engaged in warfare or imminently threatened by it. The new States created by the Paris Conference have little political and no economic organisa-

The British Empire, the League,

tion, and can only be regarded as clinging very precariously to independent life. And all this dislocation and turmoil is setting a deeper and deeper mark, not only on the generation which fought the war, but on the men and women of the future who had no part in it. Children are dying in terrible numbers, and those that survive will have famine and disorder in their systems for the whole term of their lives.

By contrast with all this misery, the British Empire has made a wonderful recovery from the strain of the war. We are better off than any of the great civilised nations, except the United States, the large South American Republics, and Japan. This is the more remarkable since we have been through an ordeal of an altogether different order to those Powers. The South American Republics were not engaged in the war, and suffered, therefore, only from the reflex of the strain which it imposed upon belligerents. The United States played a great part in the struggle, but underwent no trials comparable with those of its European Allies. The same is true, on a smaller scale, of Japan. The British Empire, on the other hand, felt the strain acutely from end to end. A very large percentage of its white male population—over 24 per cent. of it, in fact, as compared with under 2 per cent. in the United States—was actually engaged in the field, and suffered very heavy casualties. Its normal industrial and economic life was completely overturned. Its financial resources were taxed to the uttermost. The exhaustion which came upon us after the Armistice was proportionately severe. Wise men shook their heads and declared that, while we might have won the rubber, we had certainly lost on points.

In spite of this, the democracies of the Empire have rapidly recovered energy and confidence. In the Dominions the signs of strain, except financial stringency, have largely disappeared. In Great Britain the temperature is not yet normal, but what the Prime Minister, in a striking

and the United States

phrase, described as "the fever of anæmia" has lost much of its virulence. The common sense of the British race has indeed shown much vitality during the last few months, and has saved us in all parts of the Empire from movements that threatened collapse. Strikes levelled against the whole machinery of the State have been ended, not by force, but by the joint determination of the whole community not to be held up. The railway strike in Great Britain last autumn was the most impressive example of this; but there were other examples, such as the strikes in Canada last summer and the protracted seamen's strike in Australia, which all ended in the same way. Poverty also, despite much dislocation and unrest, is really less, though much of our apparent prosperity is of the artificial character always produced by a period of inflation. Prices are very high, but food at a price is plentiful, and there is no suffering in the British world comparable with that in most parts of Europe. Industry has also been reviving in spite of heavy odds, and if our imports are still much beyond our means, our exports have been rising for some time past. We have also maintained a very heavy scale of war taxation; and though this has gravely hampered our industrial and economic revival, as heavy taxation always must, it is at least saving us from further additions to our enormous burden of debt. By comparison with the rest of Europe, then, Great Britain is not at present badly off; and the British Empire as a whole has recovered in an even greater degree than Great Britain itself.

This recovery is, however, in some vital respects more apparent than real—not only because of problems of our own which we cannot afford to overlook, but still more because we cannot make any permanent recovery which is not shared by the whole world. While our eyes have been turning inwards to our own discussions and debates, vast territories in the world, whose welfare is only less vital to us than our own, have sunk deeper than ever in the darkness and horror of the earthquake from which we have emerged.

The British Empire, the League,

Their condition presents a series of political and economic questions which we cannot ignore without moving straight to a catastrophe. These questions are pointed so clearly by facts known to the public everywhere that they may seem to pose themselves ; but they are nevertheless ignored by public opinion throughout the Empire, which shows no sign of realising that the hopes of last year, so far from making progress, are slipping rapidly back towards an abyss.

The most significant of the danger signals so plainly visible is the financial situation revealed by the rapid fall of the exchanges. In this respect, as in others, Great Britain and the British Empire generally are more favourably placed than any of the European nations ; but they cannot afford on that account to disregard the warnings of their best financial guides. The economic structure of the world is now so complex that the welfare of every nation is dependent, to a very large degree, upon the welfare of all. There is no need to deal with the financial situation here, as it is treated very fully in a later article in this month's *ROUND TABLE*,* which we trust that none of our readers will neglect. The signs all point to a period of serious depression in the near future, which we must take steps to overcome. The greater part of the political interest of the British democracies, particularly in Great Britain, is absorbed at the moment in ambitious projects of social and industrial reform, which cannot be launched without a further very heavy strain upon the general resources of the community. Well-meaning people on all sides argue eagerly that statesmen must take up these projects without delay lest the revolution overtake us in the night. It is time that all political parties realised that the surest way of inviting the revolution, which is not otherwise imminent, is to neglect the laws of sound finance. In the widespread misery, destitution and disillusionment which must follow

* "International Financial Co-operation," page 254.

and the United States

fast on improvident finance, the streak of revolutionary madness, which has made itself visible at times, but which is at present so thin and impotent, may spread with rapid and irreparable results. The organisers of revolution, powerless otherwise against national common-sense, know this well enough, and shape their propaganda accordingly. We shall simply play into their hands if we pursue our present social and industrial projects without at the same time increasing production, freeing trade, and reducing our debt.

The financial problem, however, is not the only danger signal, for the political situation in international affairs is almost equally serious. Two facts are evident. On the one hand the accord of the victorious allies has been seriously shaken since last July. Rumania's action in Hungary, the protracted negotiations on the Fiume question, and the various problems that cluster round Poland are prominent examples of this. The result has been a progressive loss of authority on the part of the Peace Conference. Six months ago the Peace Conference still seemed to hold the destinies of Europe in the hollow of its hand. Now its power is little more than that of the secular European Conferences which were familiar before the war. There is striking evidence of its diminished authority in its failure to enforce its demand for the surrender of Germans accused of crimes. It is suffering from the inevitable reaction of feeling against claims to power which were at once too pontifical and too idealistic; and the final resettlement of Europe will be governed in some instances by forces beyond its control. The second leading feature of the situation is a consequence of the first. Like the Peace Conference, the Covenant of the League of Nations aimed too high and too far. Six months ago we looked to it to furnish the means for peaceable revision of the terms of peace, where revision might be required. Now we have to realise that national sentiment sets closer limits to international action than we were willing then to recognise.

The British Empire, the League,

The League has failed to secure the adhesion of one of its most important members, the United States, and is very unlikely to secure it, except with reservations which must greatly modify its value as a guarantee of peace. This is not to say that it will not still provide the means for effective international action against flagrant violations of peace or international faith. Where feeling is sufficiently stirred, the League may in future do much ; but its power and influence will depend on the national feeling of its members being roused. The emphasis of public sentiment in all nations is now on the rights of national sovereignty, rather than on international right ; and from this standpoint the responsibilities of the British Empire under the League are larger than our democracies are conscious of or ready to carry out.

This situation presents a very serious problem for the British Empire. We have not only undertaken great obligations under the League which we must now both in honesty and in self-regard revise, but we have looked to the League to provide us with the machinery for united British action in foreign affairs as well as for co-operation between the British Empire and other Powers. Politicians in all parts of the Empire have argued during the last eight months that the League of Nations has made unnecessary the closer co-operation of the British democracies in foreign policy and defence. Important organs of opinion have preached the same view, and very little attention has been paid, not merely to its intrinsic difficulties, but to the obvious failure of even such Imperial co-operation as might have been possible had the League come up to our hopes.

This aspect of the subject needs careful examination, for the co-operation of the different parts of the British Empire within the League will be essential to its recovery from the dangers which at present threaten it. If the British nations cannot devise the means for formulating and pursuing a common policy in defence of law and peace, there is little prospect that other nations, divided by

and the United States

language and history as well as by wide differences of outlook and interest, will succeed where we have failed.

It will be easier, however, to deal with our domestic relation to the League when we have more fully examined the problem as a whole. The first step is to clear our minds, if possible, on the causes which have made the League fall so short of expectations at the very start.

II.

OUR disappointments are commonly traced to one or other of two causes, the one economic, the other political. These are :

1. The failure of all nations to realise the terrible price which the nemesis of war exacts in economic and financial disorganisation—a price which has now to be faced by victors scarcely less than by vanquished, if the welfare of all nations is to be restored.

2. The refusal of the United States to ratify the Treaty and the Covenant.

The former of these themes is dealt with fully in the later article in this Review, to which attention has already been called, and need not be elaborated here. What concerns us here is to point out that the attitude of the Allies to the financial problem bequeathed by the war was only a symptom of a wider error which weakened the whole framework of the peace. When the Paris Conference met, the victorious nations were deeply stirred by a desire to mete out ideal justice and to build an ideal world. The weakness of this aspiration on the financial side lay in its failure to recognise the extent to which victors and vanquished must make common cause against financial and economic collapse. The result was a general disregard of practical considerations which is very well illustrated by the reparation terms. Those terms represented an overwhelming popular movement in favour of forcing the

The British Empire, the League,

German people to make complete atonement for the loss and damage which she caused by the war. When once this method of assessment was adopted, in preference to a practical calculation of what the general economic interest of Europe required, it led inevitably to absurdity. The statesmen might doubt the practical possibility of making Germany pay the whole bill; but when it came to fixing the German liability at any definite sum, agreement became impossible. If any one statesman insisted on the full measure of his country's claim, all other statesmen, in justice to their own peoples, were bound to do the same. Poetic justice therefore dominated all discussion, and ruled out the real necessities of reconstruction, which was the common interest of all. And the reparation terms were not peculiar in this respect. They merely shared a vice which ran all through the structure of the peace—a failure to qualify ideal aims by reference to actual necessities and forces which statesmen can guide but not control.

A very similar illusion has distorted most European comment on the attitude of the United States towards the Peace. That attitude has sprung from the fact that the Treaty and the Covenant, in the desire for ideal solutions, both attempt too much. It may be well to review as briefly as possible the chief factors in American opposition to the League in order to bring its real nature out.

The general opinion outside America inclines very strongly to the view that the troubles of the Treaty in Congress have been due simply to American domestic politics. There are two features in the controversy which go far to popularise that view. It is obvious, in the first place, that President Wilson's tactics towards Congress were unfortunate. He did not include any representatives of the Republican party, any members of the Senate, any leading American citizens of the calibre of Mr. Root or ex-President Taft, in the United States delegation to the Peace Conference. He carried on his negotiations there without allowing his supporters, and much less his oppo-

and the United States

nents, to understand to what the Republic was being pledged. What was more serious still, he insisted that the Covenant of the League of Nations should be embodied in the framework of the Treaty with Germany, so that critics of the Covenant should be forced to choose between complete rejection of the peace and complete acceptance of a series of external commitments and obligations which revolutionised the traditional aims and methods of American policy towards the rest of the world. He then demanded from Congress and the nation, and still demands, an absolutely unconditional submission to the image which he had set up.

This description of President Wilson's method is cast in the language of his critics ; but, whether exaggerated or not, it was endorsed by a sufficiently large section of public opinion in America to raise a constitutional issue which is, for Americans, of great significance. A President is elected in the United States for a period of four years, and during that period he cannot be removed on any grounds of policy, however far he may depart from the confidence of the electorate. The only check upon the Chief Executive lies therefore in Congress ; a President who ignores Congress without very clear evidence of popular support runs dangerously near a claim to despotic power during his term at the White House. It is not for foreigners to judge whether President Wilson had sufficient ground for supposing, before his unfortunate illness, that he could carry public opinion with him in favour of the Treaty and the Covenant against the opposition of the Republican majority in Congress. What is certain is that, since his illness, a very powerful wave of public feeling has risen against the Covenant as it stands, and in support of the criticisms levelled against it in the Senate.

It is, however, most misleading to suppose that this wave of feeling has been evoked by the constitutional issue joined by the Senate. It is not popular feeling on the constitutional issue which has caused the opposition to the

The British Empire, the League,

Covenant, but popular feeling against the Covenant which has raised the constitutional issue. It is therefore essential for a true understanding of the American attitude to the Covenant to brush aside all questions of American party politics and penetrate to the nature of popular feeling against the Covenant itself.

The first element in this feeling is a wide suspicion of European diplomacy, to which much colour is lent by the proceedings of the Allies and the nature of the Treaty itself. It must be remembered that the American people are as much detached from the secular controversies of the old world as English opinion was detached from the atmosphere of Continental Europe after the Napoleonic wars. Americans detect in the Covenant of the League of Nations a subtle conspiracy to secure the support of American power and influence for the selfish aims of their European Allies, without regard for the principles on which the Covenant is ostensibly based. The sequence of events in Europe since the signature of the Peace has undeniably given much reason for this view. The proceedings of Rumania in Hungary, or of Poland in Russia, or of Italy in Fiume—to quote three examples at random—seem to indicate that the Allies often prefer their private interests to the principles of the Covenant. The reason no doubt is that the Covenant and the Versailles settlement went far beyond the limits within which a League of Nations can at present make its influence effectively felt. But that is exactly the obstacle on which American goodwill sticks. "Why," Americans say, "must we be committed to participation in quarrels which we can neither understand nor prevent? The only consequence will be that our diplomacy will be exploited by European Powers in their own private interest." Another example may be taken in fairness from British foreign policy since the signature of peace. The Anglo-Persian agreement, announced during a critical period of the debate on the Treaty in the American Senate, may be based on principles which all our Allies would understand

and the United States

and accept. "Why, then, negotiate it behind the backs of your Allies," Americans ask, "and only notify them of the accomplished fact?" If we do these things, it is not unnatural that Americans should feel that, while we support the League as a means, where convenient, of commanding American support, we neglect the League entirely when separate and secret action is better suited to our interests.

Incidents of this kind have been inevitable in the very difficult conditions of international politics during the last few months. Their effect on American opinion is not due so much to their intrinsic importance as to the fact that they aggravate the fear of the unknown which colours the American attitude towards foreign affairs. The League of Nations has been suspect as a disguised system of alliances, designed to implicate the American people in ancient European feuds which they regard as no less dangerous to peace in this new era than in the past. The average American has not lost the idealism, so eloquently expressed by President Wilson, with which he entered the war. He will be prepared in due course to make his power and influence felt in support of those principles of international dealing which are embodied in the Covenant. But he wishes to know exactly whither he is being led, and he refuses point blank to surrender his judgment and choice of action to an international council in which he feels that his representatives will long be handicapped by lack of knowledge and diplomatic experience. The denunciations levelled against him in Europe for cynical breach of faith have gone far to confirm his suspicions and to strengthen his resolve. "If," he argues, "the mere letter of the Covenant is so vehemently demanded, let me be sure what this letter implies."

This aspect of the controversy has brought out an essential difference between the British and the American mind. While the average Briton has accepted whole-heartedly the broad aims and principles of the League, he looks at its

The British Empire, the League,

mechanism from his own empirical standpoint as a scaffolding rather than a house. "This may be a good scaffolding," he would say, "but more probably it is not. Let us make the best of it, and discover in the process how really to build the house." The average American has, on the other hand, a profoundly legalistic turn of mind. Written constitutions are the framework of his political thought. He must examine the letter of the Covenant from every side as something with a binding force equal to that of the American Constitution itself. He does not appreciate our experimental standpoint, and fears to commit himself too completely in a single step.

The step demanded of him by President Wilson appears to involve—and does—the complete abandonment of the doctrines of the Father of the American Republic.* He has been taught from his earliest youth to shun "entangling alliances," and live unto himself. He realises that he can no longer live unto himself alone, even if he would; and his innate humanity prompts him with a real desire to make American idealism a sovereign remedy for the sins and sorrows of the world. But must he, therefore, pledge himself at once to an international instrument so large in scope, so binding in character, as the Paris Covenant? His constitutional system, and his political traditions, both drive him to refuse. Let us imagine in this country a Prime Minister with supreme executive functions, irremovable for four years and not responsible to Parliament. Let us suppose this Prime Minister demanding the adhesion of British democracy to an international instrument which revolutionised the foreign policy of the country and refusing to allow any qualification of that instrument by Parliament. British democracy would have to change its character very fundamentally to accept a proposal of that kind. American democracy is no different.

The truth of the matter is that the American Senate has expressed the real sentiment of all nations with hard-

* See *Note A* at the end of this article.

and the United States

headed truthfulness. The attitude of the American people, coloured by their own peculiar situation, is in essentials merely the broad reflex of an attitude which all their European Allies have in one way or another already taken up. The Senate has put into words what has already been demonstrated in Europe by the logic of events—namely, that the Peace of Versailles attempted too much, and that the Covenant, which guarantees it, implies a capacity for united action between the Allies which the facts do not warrant.

The whole Treaty was, in fact, framed to meet the same impracticable desire which we have already noted in the reparation terms—the desire to mete out ideal justice and to build an ideal world. In their demand for ideal justice the victorious nations were looking back. "Germany," they said, "has done this, and this, and this to the nations on whom she forced the war. She must repay them to the uttermost farthing." In their demand, on the other hand, for a new and ideal world, the nations were looking forward. "The true principles of political organisation," they said, "are this, and this, and this. We must refashion the world in accordance with these principles, and we shall then have a new heaven and a new earth." Both desires were unfortunately beyond the scope of any single generation of statesmen to execute. With regard to ideal justice, it was soon apparent that an attempt to make Germany pay to the uttermost farthing would inevitably defeat itself. As soon, however, as modifications of the ideal were suggested, the interests of the Allies began to conflict; they could remain agreed only so long as each nation was promised the full measure of its claims. The ideal reconstruction of the world presented even greater difficulties. "National self-determination," for instance, proved itself in practice an extremely difficult principle to apply. It was no sooner applied to any controversial region than the Allies interested in that region differed deeply amongst themselves, and the actual solution of their differences

The British Empire, the League,

was attained only after protracted negotiation and controversy.

The vital weakness of the Treaty and the Covenant became more clear than ever in the months succeeding the signature at Versailles. A settlement based on ideal principles and poetic justice can be permanently applied and maintained only by a world-government to which all nations will subordinate their private interests. It demands, in fact, that nations should be guided by a clear and single-minded grasp of world-interest, comprising humanity as a single whole. It demands, not only that they should sacrifice their private interests to this world-interest, but also that they should be prepared to enforce the claims of world-interest even in matters where their own interests are in no wise engaged. It demands, in fact, that they should subordinate their national sovereignty to an international code and an international ideal.

The reservations of the American Senate, which are printed *in extenso* at the end of this article,* point the practical difficulties of this ideal with simple force. All the reservations which are not affirmations of the constitutional claims of the Senate *vis-à-vis* the President are affirmations of the sovereign right of the American people to make their own policy without interference from an International League. Under Reservation II., for instance, the United States disclaims all "obligation to preserve the territorial integrity or political independence of any other country." Under Reservation III. it refuses all mandates from the League. Under Reservation IV. it "reserves to itself exclusively the right to decide what questions are within its domestic jurisdiction and declares that all domestic and political questions relating wholly or in part to its domestic affairs, including immigration, labour, coastwise traffic, the tariff, commerce, the suppression of traffic in women and children, and in opium and other dangerous drugs, and all other domestic questions, are

* See *Note B* at the end of this article.

and the United States

solely within the jurisdiction of the United States." Under Reservation V. it reaffirms the Monroe Doctrine as "wholly outside the jurisdiction of the League." Under Reservation IX. it refuses to be committed to any expenditure by the League. Under Reservation X. it reserves for its own judgment the scale and character of its armaments. None of these reservations, it should be noted, contravenes the general aims of the League; but they are, one and all, directed to ensure that no action is taken in pursuit of those aims except with the consent and approval of the Congress of the United States. In other words, the United States reaffirms in them the principle of national sovereignty as over-riding the ideal of a world-government enforcing a world-interest, and refuses to admit derogation from its national sovereignty in any respect.

There is nothing peculiar in this attitude. It is merely, we repeat, the broad reflex of an attitude already taken up by all the European Allies in questions where their national interests are affected, and also by the British Dominions in their relations with the British Government. It gives us a statement, in plain English, of limitations to the ideal of international action which none of the other Allies will, in practice, dispute.* So far, therefore, from destroying the League of Nations, the American reservations have rendered it the great service of pointing clearly to the flaws which at present neutralise its worth.

If we turn now to the relation between the League and the British Empire, we shall find that the same practical lesson is pointed no less forcibly by our own experience.

* See *Note C* at the end of this article.

The British Empire, the League,

III.

THE British Commonwealth is itself a league of nations, though a league without a covenant. It proved its unity of aim and sentiment in the great ordeal of the war, and during that ordeal it established and worked a definite system of united action with historic results. United action was, however, made possible only by united counsels, which took shape in a new constitutional invention of a very elastic character—the Imperial War Cabinet. This system was prolonged into the period of peace negotiations, in which unity was as obvious a condition of success as during the war itself. By means of it the diplomacy which shaped our course at Paris was representative of the whole British Commonwealth in an altogether unprecedented sense.

The climax of this very new and proper constitutional development was reached at the signature of peace. The Dominions and India then definitely established their status as individual nations and members of the League by affixing their separate signatures to the Treaty and the Covenant, which gave them individual votes in the Assembly of the League and the right of individual entry to the Council of the League, should the other signatory Powers consent. Therewith the mechanism by which British unity of action had been secured dropped into the past, and the League of Nations itself became the organ through which the unison of British aims and sentiments should in future make itself heard.

The motive for this new constitutional theory lay quite as much in the domestic difficulties of the British Empire as in a disinterested desire to make the most of the League. The constitutional position resulting from the new status of the Dominions and India as partner-nations in the British Commonwealth, in no way subordinate to the Government of Great Britain, required elucidation. The

and the United States

view generally expressed was to the effect that the real and only, but completely sufficient, link between the partner British nations was the Crown. This view contained an important and significant truth, for the Crown represents what is common to all British subjects, above and beyond distinctions of national sentiment, race feeling or party difference. But as a solution of our Imperial political problem it was clearly incomplete. The King is a constitutional Sovereign, and acts on the advice of his ministers. The fundamental constitutional doctrine that "the King can do no wrong" is an expression of the fact that the King is advised by his ministers, who take responsibility for his acts. The new status of the Dominions and India could have no constitutional meaning unless their respective Governments were entitled to advise the King in the same way as the Government of Great Britain, which had hitherto exercised that responsibility alone. A Sovereign advised by six different Governments cannot act on the advice of all his Governments unless they happen to be unanimous. It had been found in Paris that in order to preserve its unity the British delegation must meet frequently as a delegation to discuss its policy before meeting the representatives of foreign nations in conference. How was this unity of action to be maintained after the signature of peace without committing the Dominion Governments to some new constitutional organisation within the Commonwealth? And if some new constitutional organisation were to be devised for this purpose, how could it fail to limit in some way the full national independence of status which the Dominion Governments had just achieved by their recognition as individual members of the League of Nations? The answer to these questions was found in co-operation within the League, which was to serve, not only as the link between the British Empire and foreign Powers, but as the link also between the constituent nations of the British Empire itself. Imbued with this idea, the Dominion statesmen

The British Empire, the League,

accepted obligations to foreign Powers under the Covenant of the League more binding than any obligations which they would undertake to their kindred nations within the British Commonwealth. In other words, they mortgaged their freedom of action to a league of foreign States in order to avoid the possibility of mortgaging it to the British Government.*

It hardly required the reservations of the American Senate to demonstrate the illusory character of this arrangement. The American reservations to co-operation in the League of Nations are in many respects precisely similar to those with which the British Dominions qualify their willingness to co-operate in the British Commonwealth. The British Dominions, for instance, have always refused to consider any form of Imperial organisation for defence which centralises the control of naval and military forces or expenditure thereon. Reservations II., IX., and X. embody a similar refusal to the League of Nations on the part of the United States. The British Dominions have made no such reservations with regard to the Covenant, and they are therefore bound by the obligations which have been rejected by the United States. Canada, Australia, South Africa and New Zealand are, in fact, bound by stronger written obligations to Poland and Czecho-Slovakia than to the British Isles. They have guaranteed the frontiers of many foreign States, and in principle—hedged, it is true, by safeguards of many sorts, but in principle nevertheless—they are pledged to defend them, if the League demands, by force of arms.

So much for the letter of the Covenant. It is almost needless to observe that none of the democracies of the British Empire has grasped the extent of its obligations to the League of Nations or would hesitate to repudiate them at once, if put to the test. If England were threatened by invasion, the other British democracies would mobilise

* For a practical illustration of these difficulties see the discussion of the Samoa Mandate in the New Zealand section, page 467.

and the United States

at once for her support ; but though they have a written obligation to Poland, which they have never dreamed of giving to England, they would not in practice mobilise a single man to defend the integrity of the corridor to Danzig or any other Polish territorial interest. They have drifted into this equivocal situation simply through a desire to establish their new status within the British Commonwealth without admitting the domestic difficulties which that status inevitably entails. That is a dangerous and equivocal situation, which entirely belies our real desire for straight dealing in international affairs. It is time that our democracies reviewed and corrected it with the clearness of vision and candour of statement displayed by the much-abused Senate of the United States.

The same moral is pointed with equal force by another significant feature of the present situation. The Dominion Governments did their full share in the work of the British delegation at Paris which represented the Empire in making the peace with Germany. They have since affixed their signatures to the peace with Austria and the peace with Bulgaria ; but they took no part in the negotiation of either of these instruments. This is only another demonstration of the fact that membership of the League of Nations does not of itself, except in form, establish the national status of the British Dominions either in the community of nations or in the British Commonwealth. It shows that something more is needed for full national status, since independent nations cannot be bound by treaties in the negotiation of which they have taken no part. The Dominions might have taken their part, had they chosen to do so, in exactly the same manner as in the negotiation of the peace with Germany. The British Imperial delegation which negotiated the German treaty has, however, ceased to exist ; and the Dominions have not yet realised that without it their participation in the League of Nations as individual members is a matter of form without political substance.

The British Empire, the League,

The negotiation of peace with the Ottoman Empire and the shaping of our policy towards Russia and the Bolshevik Government are even more significant examples of this fact. Among the many changes brought upon the British Empire by the war none is more serious than the great extension of its responsibilities in the Middle East. We have now a land frontier extending from the south-west littoral of the Caspian to the mountain ranges which divide the Indian peninsula from the rest of the Asiatic continent. Peace in this vast region is essential to the defence of Egypt, the maintenance of our communications with the East, and the security of India itself; but the military considerations are small beside the political problem which these territories present. We are the greatest Mohammedan Power in the world, and Islam is working out its future in the Middle East. The religious question is, moreover intertwined with national, political and economic movements of great complexity, which have been described from different standpoints in several articles published in this magazine during the last two or three years.* If the European history of the nineteenth and twentieth centuries has one outstanding feature, it is the constant friction caused between the civilised Powers by the development and colonisation of uncivilised and partly civilised lands or by the failure of government in areas like the Ottoman Empire which Europe cannot neglect. The most critical of all areas from this point of view will, in the near future, be the Middle East. The settlement which we now adopt, and the lines upon which our future policy is shaped, must vitally affect the peace of the world and our own security. It is essential that our course should be wisely taken and generally understood.

It follows that the Dominions are as closely interested as Great Britain and India in the negotiation of the peace

* Turkey: A Past and a Future. June, 1917.

Turkey, Russia and Islam. December, 1917.

Russia, Germany and Asia. June, 1918.

The Outlook in the Middle East. December, 1919.

and the United States

with Turkey and in the choice of our policy towards Russia. When the treaties are negotiated, they must presumably either append their signatures to them or break away decisively from the British Commonwealth ; and whichever course they pursue, whether they act with the British Government or follow an independent line, their future must be gravely affected by the decisions which the British Government now takes. But despite this they are neglecting all share in the negotiations, not because they are not invited to share, but partly because the present machinery makes common action difficult, and still more because their Governments, in point of fact, take no interest.

Those Governments may argue that their active participation in international negotiations is called for only when the interests of their own respective nations are directly concerned. But is this argument sound ? Australia and New Zealand, for instance, might contend that their interest in foreign affairs is limited to Pacific questions, which affect their integrity as nations, and cannot possibly extend to areas so remote from their own communities as the Middle East. The security of Australia and New Zealand can never, however, be seriously threatened except at a moment when the main resources of the Empire are already committed to war elsewhere. The cession of the Pacific islands north of the Equator to Japan, which has exercised the Pacific Dominions deeply, was not brought about by hostile action in the Pacific, but by the mortal peril into which the Empire was plunged by the European war. If, therefore, Australia and New Zealand wish to be secure in the Pacific, they must not ignore any large question of international politics merely because its *venue* is actually far from their own shores.

To Canada the illustration just given may seem of little account. But has the principle illustrated any less importance for Canada than for the rest of the Empire ? Demonstrably not. If Canada has any direct and momentous interest in foreign policy, that interest lies

The British Empire, the League, in the relations of the British Empire with the United States. At present those relations are undergoing a serious strain—on account of what? Not on account of any purely Anglo-American question in which Canada is directly concerned, but on account of British and American policy in the central complex of problems presented by Europe and the Middle East.

The recognition of the Dominions as individual nations in the League of Nations, important advance as it is, has therefore not completely solved the political and constitutional problem by which they are faced. The Dominions are being committed once again by international negotiations in which they take no part. They will be confronted again, sooner or later, by the choice between repudiating their membership in the British Commonwealth or accepting the consequences of action taken single-handed by the British Government. To ignore this dilemma is to walk blindfold towards a precipice.

It follows from this that the machinery of the League of Nations is inadequate by itself as a means to uniting the sense and goodwill of the democracies of the British Commonwealth for the maintenance of peace. The League of Nations is at work as best it can now. The Dominions are members of the League. But the Turkish treaty is nevertheless being negotiated by the British Government without interest or assistance on the part of the Dominion Governments. That simple fact means volumes, and it would be folly to blind ourselves to its significance.

IV.

THE conclusions which we have sought to point in the preceding sections of this article may now be summarised. They are three in number:—

1. The first is a general warning against the assumption—even more widespread in the Dominions than in Great

and the United States

Britain—that we have already successfully solved the very difficult political and economic problems bequeathed by the war. This assumption is particularly misleading with regard to finance. Its danger lies not only in the fact that we are still producing too little to balance our expenditure, and therefore living beyond our means; it lies even more in the critical financial and economic condition of Europe, with whose welfare our own is inextricably intertwined. The purely economic and financial problem is discussed in another article, and we need only direct attention here to its political corollary. The British democracies are all much engrossed in projects of domestic reconstruction, which must entail a heavy strain on our resources, already taxed to the uttermost. A very large number of political authorities assure us that we must concentrate on these domestic problems, because failure to deal with them may precipitate social and industrial trouble of a very serious kind. It is, indeed, difficult to over-rate the importance of such questions as those which are being pressed by the unions of the Triple Alliance in Great Britain—the coal miners, the transport workers, and the railwaymen. There is a wide demand for Government expenditure and Government control on a large and increasing scale. We only ask those who press these demands to look to the state of the world in general as well as to the more familiar situation at home. Nothing is more likely to cause industrial upheavals in the British Empire than a further rise of prices, which may easily be accompanied by a set-back in trade. The whole world is still living beyond its means, and we must seek to strengthen our own financial position by every possible means if we are not to be involved in a period of world-wide depression, misery and unrest.

2. Our second conclusion arises from the set-back of British hopes in the League of Nations and the treaties of peace. The settlement of Europe under the peace treaties is in some parts insecure, and the Allies are clearly

The British Empire, the League,

unable to live up to all their obligations under the Covenant. It is misleading to attribute this state of affairs solely to financial improvidence or to the refusal of the United States to accept the Peace of Versailles. Both these factors in the situation are symptoms rather than causes, and they are due to the fact that the Peace of Versailles and the Covenant of the League of Nations overlooked the practical conditions of European reconstruction and overstepped the limits of international partnership. The course of events since the signature of peace has shown that national sentiment is too strong to accept the limitations imposed upon it by the Covenant. The reservations of the American Senate in this respect are only a plain statement of views and feelings shared in reality by all the other signatories of the peace. We ourselves, for instance, have undertaken obligations in the Covenant which those who need our support may interpret more literally than we do ourselves. This is an equivocal position. While the main lines of the Peace are sound, the Covenant is both too vague and too precise. In principle the signatories combine for joint action on an imposing scale ; in practice their national freedom of action is left intact. The American Senate has stated in plain English that, so far as the United States is concerned, national freedom of action is not in any way to be camouflaged or compromised. The British Empire should state its own position in equally clear terms.

3. Our third conclusion deals with the relation between the League of Nations and the British Commonwealth. The recognition of the British Dominions as individual members of the League has not only committed them to obligations far larger than their democracies realise or will be willing to discharge ; it has also obscured the fact that our Imperial relations, in default of some better machinery for Imperial co-operation than the League itself presents, are slipping back into the very vice of centralisation which we all wish to correct. The attitude of the British Dominions towards co-operation within the British

and the United States

Commonwealth is exactly parallel to the attitude of foreign nations to co-operation within the League. In both cases the fear of impairing national independence is stronger than the desire for united action in pursuit of common aims ; and in the British Empire the fear of centralisation has been such that it has led the Dominions to undertake unawares a series of responsibilities towards foreign States far greater than they are willing to undertake towards Great Britain and the British Commonwealth. While insisting, moreover, on the forms of national independence, they are missing the substance of national responsibility in foreign affairs. Great Britain continues, of necessity, to deal unaided and unadvised with broad questions of international policy in which the Dominions are vitally concerned. The Dominions are being bound by decisions in which they take no present interest, and there is no available means for securing united and representative action on behalf of the whole British Empire in world-affairs. Yet the unity of the British Commonwealth is essential to the influence of the League of Nations for order and goodwill, and its example will set the rate of progress in international action for decades to come. If the British nations, with all their ties of interest and sentiment, cannot act together in world-affairs, it is not likely that foreign nations, deeply divided by history, by temperament, by forms of government, by national outlook, and by divergent aims, will be able to succeed where the British nations have failed.

To what course of action do these conclusions point ?

They point in the first place to revision of our obligations under the League. We are at present pledged to guarantees of territorial arrangements in Europe which may be challenged at any time by forces too powerful for diplomatic control, and it is becoming evident that in no part of the Empire would public opinion sanction our active interference in the local disputes which may ensue. The Polish corridor to Danzig is a case in point. The local territorial

The British Empire, the League,

problem does not engage our interest, and British democracy would not be moved to action by it unless roused by some unmistakable challenge to international faith and right. If the United States had accepted the obligations which President Wilson approved in signing the Covenant, the situation would have been different, for the combined moral and material influence of the British Empire and the United States would have presented a serious obstacle to breaches of the European settlement in any form. The American Senate has, however, made it perfectly plain that the obligations embodied in the Covenant go much beyond the responsibilities which American opinion is prepared to undertake, and we cannot honestly pretend that our own democracies will be willing in practice to go any further than the democracy of the United States. Our proper course is to revise and restate our position towards the League in accordance with these facts.

The public opinion which has made itself manifest in the United States in this connection is not very different in reality from ours; and ours may be stated broadly in two sentences. First, we wish to do our utmost to guarantee peace, liberty and law throughout the world without committing ourselves to quixotic obligations to foreign States. Second, we wish to assist and develop the simpler mechanism of international dealing embodied in the League without mortgaging our freedom of action and judgment under an international Covenant. Our policy towards the League should therefore be revised on the following guiding lines :—

1. We should state definitely that our action within the League will be governed solely by our own judgment of every situation as it arises, and we must undertake no general obligations which we may not be able or willing, when the test comes, to discharge.

2. We must in no case commit ourselves to responsibilities which we cannot discharge to the full with our

and the United States

own resources, independent of assistance from any foreign Power.

3. We must definitely denounce the idea that the League may normally enforce its opinions by military or economic pressure on recalcitrant States. It exists to bring principals together for open discussion of international difficulties, to extend and develop the mechanism and habit of international co-operation, and to establish an atmosphere in which international controversies may be settled with fairness and goodwill. These are the essential limits of international action in the present state of national sentiment throughout the world, unless and until the conscience of the nations is once more challenged by some flagrant violation of international right.

The important thing is to enable the League of Nations to make a reasonable start with the co-operation of the United States. With the less ambitious objects defined above it will sooner or later secure the whole-hearted support of American opinion,* and it will begin its work with far greater prospects of success than under a Covenant to which no Power is really able or willing to subordinate either its national opinion or its essential interests.

So much for the revision of our obligations towards the League. It is not the only practical step to which our conclusions point, for even more important, if those conclusions are sound, is the maintenance of British unity of action in international affairs. We have seen that the League cannot itself take the place of some such mechanism as the Imperial War Cabinet, which provided for continuous consultation and co-operation, not only in the war, but during the negotiation of peace. The influence of the League of Nations upon British Imperial relations has for the moment been misleading and dangerous. In form, it has given the Dominions a new national status, recognised by all the signatories of the Covenant, though qualified in one important particular by a reservation of

* See *Note D.* at the end of this article.

The British Empire, the League,

the United States.* The danger of this status is that, without some adequate organ for united British action in world affairs, it must, in the long run, prove either separatist in character or else entirely formal and illusory. For the present it is—by the self-chosen policy of the Dominion Governments—illusory. Those Governments are appending their signatures to treaties in the negotiation of which they have taken absolutely no part, and they are leaving decisions which must gravely affect their future in the unaided and overlaid hands of the British Government. It is only a question of time before this situation leads to an incident of some kind which will provoke the bitterest recrimination and controversy. If the critical diplomacy which led up to our declaration of war on Germany in 1914 has taught us one lesson above all others, that lesson is that the foreign policy of the British Empire cannot be democratic and representative in any adequate degree unless some means are found for continuous consultation and co-operation by Ministers responsible to all the British Parliaments. Yet the moral of 1914 is being ignored. Content with a formal status in the partnership of nations, the Dominions have forced the old measure of responsibility upon Downing Street, which has to act alone for the whole Empire because there is once again no adequate mechanism for Imperial co-operation in foreign affairs, and action of some kind cannot be postponed indefinitely.

The road to closer co-operation is not at present clear, but in due course it must be found. The democracies of the Empire have yet to realise what the present situation means. The issue is in their hands, and time is necessary for the realities of their present equivocal status to sink into their minds. A constitutional conference will be necessary in the next few years in order to decide whether or not the British Commonwealth is to have the means of united influence and action in safeguarding the peace and order of the world. In the meantime it is the duty of

* See Reservation XIV. at the end of this article.

and the United States

good citizens in all parts of the Commonwealth to look the situation in the face and think out its implications for themselves.

Note A.

The greater part of the preceding article was written before the publication of Lord Grey of Fallodon's appeal for a better understanding of the American attitude towards the Covenant. The following passage from his letter is particularly apposite :—

There is in the United States a real conservative feeling for traditions, and one of those traditions, consecrated by the advice of Washington, is to abstain from foreign, and particularly from European, entanglements. Even for nations which have been used to European alliances the League of Nations is felt to be something of a new departure. This is still more true for the United States, which has hitherto held aloof from all outside alliances. For the League of Nations is not merely a plunge into the unknown, but a plunge into something which its historical advice and tradition have hitherto positively disapproved. It does not say that it will not make this new departure. It recognises that world conditions have changed, but it desires time to consider, to feel its way, and to act with caution. Hence this desire for some qualification and reservation.—Lord Grey of Fallodon in *The Times* of January 31.

Note B.

Reservations of the United States to the Treaty of Peace with Germany as they stood at the end of 1919.

PREAMBLE.—That the Senate advise and consent to the ratification of the Treaty of Peace with Germany, concluded at Versailles on the 28th June, 1919, subject to the following reservations, understandings and interpretations, which shall be made a part of the instrument of ratification, which ratification is not to take effect or bind the United States until said reservations and understandings adopted by the Senate have been accepted by an exchange of notes as a part and condition of said resolution of ratification by at least three of the four principal Allied and Associated Powers, to wit : Great Britain, France, Italy and Japan.

The British Empire, the League,

1. The United States so understands and construes Article I that in case of notice of withdrawal from the League of Nations, as provided in said Article, the United States shall be the sole judge as to whether all its international obligations and all its obligations under the said Covenant have been fulfilled, and notice of withdrawal by the United States may be given by a concurrent resolution of the Congress of the United States.

2. The United States assumes no obligation to preserve the territorial integrity or political independence of any other country or to interfere in controversies between nations—whether members of the League or not—under the provisions of Article 10, or to employ the military or naval forces of the United States under any article of the Treaty for any purpose, unless in any particular case the Congress, which, under the Constitution, has the sole power to declare war or authorise the employment of the military or naval forces of the United States, shall by act or joint resolution so provide.

3. No mandate shall be accepted by the United States under Article 22, Part I, or any other provision of the Treaty of Peace with Germany, except by action of the Congress of the United States.

4. The United States reserves to itself exclusively the right to decide what questions are within its domestic jurisdiction, and declares that all domestic and political questions relating wholly or in part to its internal affairs, including immigration, labour, coast-wise traffic, the tariff, commerce, the suppression of traffic of women and children and in opium and other dangerous drugs, and all other domestic questions are solely within the jurisdiction of the United States and are not under this Treaty to be submitted in any way either to arbitration or to the consideration of the Council or of the Assembly of the League of Nations or any agency thereof, or to the decision or recommendation of any other Power.

5. The United States will not submit to arbitration or to inquiry by the Assembly or by the Council of the League of Nations provided for in said Treaty of Peace any questions which in the judgment of the United States depend upon or relate to its long established policy commonly known as the Monroe doctrine; said doctrine to be interpreted by the United States alone, and is hereby declared to be wholly outside the jurisdiction of said League of Nations and entirely unaffected by any provision contained in the said Treaty of Peace with Germany.

6. The United States withholds its assent to Articles 156, 157 and 158, and reserves full liberty of action with respect to any controversy which may arise under said articles between the Republic of China and the Empire of Japan.

7. The Congress of the United States will provide by law for the appointment of the representatives of the United States in the Assembly and the Council of the League of Nations, and may in

and the United States

its discretion provide for the participation of the United States in any commission, committee, tribunal, court, council, or conference, or in the selection of any members thereof, and for the appointment of members of said commissions, committees, tribunals, courts, councils, or conferences, or any other representatives under the Treaty of Peace, or in carrying out its provisions; and until such participation and appointment have been so provided for and the powers and duties of such representatives so defined, no person shall represent the United States under either said League of Nations or the Treaty of Peace with Germany or be authorised to perform any act for or on behalf of the United States thereunder, and no citizen of the United States shall be selected or appointed as a member of said commissions, committees, tribunals, courts, councils, or conferences, except with the approval of the Senate of the United States.

8. The United States understands that the Reparation Commission will regulate or interfere with exports from the United States to Germany, or from Germany to the United States, only when the United States by act or joint resolution of Congress approves such regulation or interference.

9. The United States shall not be obligated to contribute to any expenses of the League of Nations, or of the secretariat or of any commission, or committee, or conference, or other agency, organised under the League of Nations or under the Treaty, or for the purpose of carrying out the Treaty provisions, unless and until an appropriation of funds available for such expenses shall have been made by the Congress of the United States.

10. If the United States shall at any time adopt any plan for the limitation of armaments proposed by the Council of the League of Nations under the provisions of Article 8, it reserves the right to increase such armaments without the consent of the Council whenever the United States is threatened with invasion or engaged in war.

11. The United States reserves the right to permit, in its discretion, the nationals of a Covenant-breaking State, as defined in Article 16 of the Covenant of the League of Nations, residing within the United States or in countries other than that violating said Article 16, to continue their commercial, financial, and personal relations with the nationals of the United States.

12. Nothing in Articles 296, 297 or in any of the annexes thereto, or in any other article, section or annex of the Treaty of Peace with Germany shall, as against citizens of the United States, be taken to mean any confirmation, ratification, or approval of any act otherwise illegal or in contravention of the rights of citizens of the United States.

13. The United States withholds its assent to Part XIII. (Articles 387 to 427 inclusive) unless Congress by act or joint resolution shall

The British Empire, the League,

hereafter make provision for representation in the organisation established by said Part XIII., and in such event participation of the United States will be governed by and conditional on the provisions of such act or joint resolution.

14. The United States assumes no obligation to be bound by any election, decision, report, or finding of the Council or Assembly in which any member of the League and its self-governing dominions, colonies, or parts of the Empire in the aggregate have cast more than one vote, and assumes no obligation to be bound by any decision, report or finding of the Council or Assembly arising out of any dispute between the United States and any member of the League if such member or any self-governing dominion, colony, empire, or part of empire united with it politically has voted.

Note C.

It may be noted that the League of Nations at its sitting in London on February 13th, decided to admit Switzerland as an original member of the League without demanding her full adhesion to the Covenant. The reasons for this, which are undoubtedly strong, arose out of Switzerland's position as a neutral, and were therefore exceptional; but the precedent created is significant.

The text of the resolution admitting Switzerland is interesting. The operative passages are as follows:—

The Council of the League of Nations, while affirming that the conception of neutrality of members of the League is incompatible with the principle that all members will be obliged to co-operate in enforcing respect for their engagements, recognises that Switzerland is in a unique position. . . The members of the League of Nations are entitled to expect that the Swiss people will not stand aside when the high principles of the League have to be defended. It is in this sense that the Council of the League has taken note of the declaration made by the Swiss Government . . . in accordance with which Switzerland recognises and proclaims the duties of solidarity which membership of the League of Nations imposes upon her, including therein the duty of co-operating in such commercial and financial measures as may be demanded by the League of Nations against a Covenant-breaking State, and is prepared to make every sacrifice to defend her own territory under every circum-

and the United States

stance, even during operations undertaken by the League of Nations, but will not be obliged to take part in any military action or to allow the passage of foreign troops or the preparation of military operations within her territory.

Note D.

Lord Grey lends his great authority to the same view of American feeling at the present moment. He writes as follows on the subject in the letter quoted above :—

In Great Britain and the Allied countries there is naturally impatience and disappointment at the delay of the United States in ratifying the Peace Treaty and the Covenant of the League of Nations. It is, perhaps, not so generally recognised here that there is also great impatience and disappointment in the United States. Nowhere is the impasse caused by the deadlock between the President and the Senate more truly regretted than in the United States, where there is a strong and even urgent desire in public opinion to see a way out of that impasse found which will be both honourable to the United States and helpful to the world.—Lord Grey of Fallodon in *The Times* of January 31.

INTERNATIONAL FINANCIAL CO-OPERATION

IN a general way everyone is aware of the very grave—many think desperate—economic and financial state of Europe. The disastrous effects of so prolonged and exhausting a war, which were largely hidden from the people of this country, at any rate in the course of the struggle itself, are now gradually making themselves manifest; and the end is not yet, for the complications of this universal after-war economic disease have by no means reached their crisis. Meanwhile our comparative comfort in this country in no small degree blinds us to the suffering and privation which are so widespread on the Continent; and trade at home and to other continents is good enough to make our manufacturers feel somewhat independent of the necessity to export to Europe. Nevertheless, the financial and economic crisis will continue to render the European horizon darker and darker, and it is our duty to ask whether there is any remedy to Europe's ills, or even any palliative, in the form of some closer and more active international co-operation than hitherto. It is a very common supposition that an ample supply of international credit is the proper remedy. In the present article this supposition will be examined, and for the purpose of putting it in its proper setting and proportion it is necessary to take rather a wide view, and perhaps give expression to what may seem a good many platitudes.

Broadly speaking, the war has produced in all countries—certainly in all belligerent countries—the same economic effects, and we find, therefore, that, with local variations

International Financial Co-operation

and with greater or less intensity, similar troubles affect all European nations. Their causes may roughly be classified as economic, political and psychological.

The economic causes are sufficiently obvious, and only a few of them need be briefly mentioned. The vast loss of European capital, both fixed and circulating, is one of the most serious evils. The results are felt most acutely in the very serious depreciation of means of transportation, in lack of houses, in a great dearth of raw materials and stocks of all kind, particularly of coal. It is important to note that whatever foreign credit is provided, the replacement of this capital is at best a matter of time. It will be some time, for instance, before the railways, ports and other means of transportation can recover their efficiency.

In the second place, the enormous financial demands of the war have entirely overstrained the currency systems of Europe. In the case of some countries currency depreciation is mainly due to the internal requirements of the Government, which have been satisfied by the printing of vast quantities of paper money; in other cases a powerful contributory factor has been the vast excess of imports over exports, leading to a depreciation of the exchanges. But whatever the immediate cause, there can be no doubt that the chaos of European currencies is by far the most menacing symptom of the present day. The constant depreciation, the constant fluctuation of the standard of value, renders all industry and trade mere speculation, drives us back, first in international and then in internal transactions, to the primitive method of barter, and renders impossible the highly complex and delicate financial and industrial system of pre-war days. If these conditions are allowed to develop, the population of Europe, brought into being in such huge numbers in the last forty years by the intensive development of modern means of wealth-production, is bound to suffer not merely a serious deterioration in the standard of living, but actually a considerable diminution in numbers, in order to restore the equilibrium between

International Financial Co-operation

population and production. It is unnecessary, however, to develop all the grave consequences of currency depreciation. Its effect, if it is continued far enough, must be almost to disintegrate a modern highly developed industrial society, to destroy its past savings, and to reduce it to ruin and despair. To secure some stability of currency conditions is therefore imperative. On the other hand, it is more than doubtful if the time is yet reached when any joint international scheme of reform, which, if the gold standard is to be generally retained, will almost certainly be necessary later, can be undertaken. A stable currency seems impossible for any country whose foreign trade still shows an enormous adverse balance, and whose budget makes no pretence of balancing its receipts and expenditure. To be able to maintain a sound currency a country must pay its way in the world. Therefore, from the point of view of currency, as of everything else, the productive process must first be set going again. Just as serious currency depreciation diminishes production, both industrial and agricultural, so a restoration or an increase of production is the only foundation for a return to sound currency, as indeed it is the foundation of taxation. We must deal first with the basic problem of restoring the cycle of production and exchange, though hand in hand should, of course, go an insistence on proper taxation, on the imperative necessity of the various Governments balancing their budgets, and on some control over the too free creation of credit.

A third economic difficulty facing many of the belligerent countries is that, even if they are ready to export, they have lost their foreign markets; their overseas trade is gone, and others have taken their place. New connections and new trades must be developed, and time is required for this. A supply of credit alone will not bring old markets back.

A fourth cause of troubles, of great importance, is the continuance of Government control over trade and industry

International Financial Co-operation

—including price fixing, nationalisation projects, socialisation of industry, and so forth. We know the very serious effects in this country, but they are not less so on the Continent. Many Governments seem to be getting their countries into a most hopeless tangle by keeping prices lower than the depreciation of their currency justifies. They check production, increase Government expenditure, and with it the paper currency, and continue a vicious circle which must ultimately end in disaster. Interference with ordinary economic laws produces, indeed, the most widespread and unexpected consequences; and whether it is the rent of the houses, the price of coal or of butter, or anything else, almost at any cost we should re-establish freedom. But with present socialistic tendencies in Europe whether we shall do so seems doubtful. Indeed, the probable exchange blockade of Europe may drive us all still more into the arms of Governments again. Huge nationalisation projects stand condemned on this ground alone.

Then again, in the case of our Allies, France and Italy, the very absorption of all their national energies in war has landed them in a serious difficulty, in which we too, in a minor degree, find ourselves. In order that the whole of their man-power and all their industrial forces might be applied to war purposes we kept them in a kind of hothouse atmosphere, and provided them on credit with food and all the other materials they had to have, so that their economic development took a lopsided form. They came to rely on credit for most of their imports. When these and their war industry both came to a sudden end, they suffered like hothouse plants when the steam heat is turned off. They cannot adjust themselves at once to their new environment. The recovery of equilibrium cannot, indeed, but take some years. Both the people of the United States and we, too, should remember that these countries find themselves in this plight because they were called on for our sakes as well as their own to devote all

International Financial Co-operation

and more than all their normal economic strength to the war. This argument should have weight in the future consideration both of international indebtedness and of the grant of credit.

If we turn our eyes from economic to political Europe there is nothing to encourage us. Nothing was more depressing to anyone who spent some months in Paris during the spring than the complete absence of any generous or even sane outlook on future international relations. The war seemed merely to have intensified tenfold the mutual dislike which existed before. We hated our enemies and, of course, they hated us ; most of the Allies seemed to hate one another ; above all, the small nations which had just emerged hated one another with an even more bitter intensity. At that time, at any rate, they clamoured for credit in order to buy more high explosives and machine-guns rather than for the restoration of industry. Was it not folly, one thought, to lend such countries money ? They had no capacity or experience for governing, and would certainly waste it. Worse still, what chance was there for currency or any other economic reform when they were spending on armaments and plans for international fratricide far more than they could possibly raise by taxation or by any other means than the printing press ? It is useless to talk of the economic regeneration of Europe in face of this prevailing international hostility and mutual fear. But can we, who should know better, blame them, when we are responsible for the Reparation Chapter of the Peace Treaty ?

Lastly, we have to add to the economic and political troubles of Europe the profound psychological disturbance of the war which so seriously affects any rapid economic recovery. A reflective observer of modern industrial society is at every turn forcibly reminded of Samuel Butler's famous satire. The Erewhonians of a former age, finding that man was being enslaved by the machines he had constructed, revolted and, at the cost of great suffering

International Financial Co-operation

and impoverishment, destroyed every machine in the land, and made their construction in future an offence punishable by death. But while the Erewhonians revolted, modern industrial man has succumbed. Our modern millions are enslaved by the great machine of modern civilisation by means of which alone they have been brought into the world, and they can only keep themselves alive by working it. Yet even before the war they were revolting against it, and the ferment of the war has immensely sharpened their hostility. Great as have been abuses of the capitalistic system, it is doubtful whether any other system can free itself from the soulless and monotonous character of modern industrial life, which is at the bottom of nearly all the unrest, and more doubtful still whether it can produce wealth at the same rate. It is ominous, therefore, that at a time when greater saving and greater production are essential to our recuperation, the great mass of workers in all European countries, resenting bitterly the profiteering which inevitably arises from existing conditions, should be dimly contemplating the overthrow of our whole economic structure. So far are they from realising that their very life depends on working it at full blast that they believe there exists even now in the world great stores of ready-made wealth which they ought to and can secure if they are only insistent enough and if they can utilise the machinery of the State to extract it from its present owners. In consequence, all over Europe, at a moment when Government expenditure should be reduced to a minimum, clamorous demands for the extension in every sphere of Government activities are pressed forward. Government expenditure thus bounds up, and, since the limits of taxation and loans are reached, further currency depreciation and a further approach towards the Abyss are the result.

Consider some of the results of this weltering economic, political and psychological chaos. Where all three influences, and particularly the psychological, have had the

International Financial Co-operation

fullest play—namely, in Russia—they have produced more or less complete ruin, notwithstanding that Russia can live for years through chaos which would annihilate such industrial States as England, Belgium or Germany in a few months. Coming further east, we find the same influences reducing Austria to such a position that she is beyond any ordinary help through the provision of credit, and is now merely the recipient of charity. Germany's position appears to get worse, not better. Though her head is still above water, she is farther down the road to ruin than France or Italy. She, too, has reached the point when assistance through ordinary financial and commercial channels is becoming more and more difficult, if not impossible. The continued depreciation of her currency is due partly to internal exhaustion, partly to the necessity she is under to meet her maturing obligations abroad and to make at any cost purchases of raw materials and food. She has to sell marks down to any figure to fulfil these two latter requirements. The consequent collapse in her exchange leads to the peculiar position that internally her currency is still of considerably greater value than externally, with the result that absolutely necessary imports by the Government must either be sold at a price too high for the public to pay or that price must be reduced by subsidies which either must break the taxpayers' back or be met by increased paper issues. But, of course, the tendency must be for internal prices to rise further to the level of the exchange, with the necessary result of further inflation. This process cannot continue indefinitely without Germany's currency ultimately losing all value. When once her people have abandoned all confidence in their currency it is difficult to foresee the consequences. As Mr. Hawtrey has recently shown in his able book, France, in a similar position a hundred years ago, imported great quantities of gold to replace the *assignats*. But could Germany do that? And if not, what workable alternative has she but to create a new paper standard, which might

International Financial Co-operation

go the same way as the last ? It is not to our interests to let Germany fall into absolute chaos. Whatever we might be able to do, Continental Europe cannot get on without Germany, and her entire collapse would bring disaster to Europe. Her present Government, which we should support if we do not want to see the reactionaries or Bolsheviks in power, seems to be doing its best to make both ends meet, and heavy taxation is being imposed. But her credit is too depreciated and her future too uncertain for her primary needs in the way of raw material to be met by ordinary banking credit. The risks are too great both for importers and exporters.

The French and Italian situation is not yet so desperate as the German. Their exchanges have not yet reached anything like so tremendous a depreciation, and there are signs of recovery in their export trade, particularly in Italy's case ; but their future is far from rosy. It is quite impossible for them to continue importing on the scale they are doing now. Many people do not recognise that a year ago these countries were able to obtain much more credit than they can to-day. In the last year both London and New York have advanced them very considerable sums through ordinary banking and private channels. The most recent National City Bank circular states that " the present volume of trade can be accounted for only upon the theory that individual credits have been granted upon a larger scale than is generally known," and that " there is much evidence to confirm this opinion." But this cannot continue indefinitely. Most of these credits cannot be paid off, except by renewals of some sort or by raising long loans in foreign countries, the public response to which is doubtful. It will be difficult in these circumstances to secure fresh credits. There seems no alternative, therefore, between an enormous—perhaps impossible—decrease in imports from overseas or a collapse of the exchanges, nor any reason, indeed, why if the situation is left to develop itself the French and Italian situation should not

International Financial Co-operation

work out in more or less the same way as the German is now doing.

The statistics published by the Supreme Economic Council show that between January and the end of September, 1919, French imports exceeded exports by £538,000,000, and between January and October, 1919, Italian imports exceeded exports by £390,000,000. Their invisible exports have to be set against these imports, but it is doubtful if they can be very great. There are signs of improvement, but, in the case of France at any rate, they are not very striking. Adverse balances of these dimensions could not, and should not, be corrected by credits. A collapse of the French and Italian, as well as of the German, exchange would, of course, very seriously affect all the smaller nations of Europe as well as ourselves. Our exchange is being depressed now because of European nations meeting their obligations in the United States through London, and, as long as these nations have any sterling they can so use, must continue to be depressed. It is possible that all the big Continental exchanges might well fall to a point at which imports, at any rate from the United States, might become impossible. Yet Mr. Hoover estimates that 100,000,000 Europeans live on imports, which they used to obtain by exchanging their manufactured exports for them. In imagining ourselves the straits to which Europe might be reduced, we should not consider that any comparisons with former ages have much value. The European population have never before been dependent as they are now on the smooth working of the great world-wide industrial and financial machine.

What, then, ought to be done? Can anything much be done? Is there any sign that anything will be done? Should we do well to follow the advice given by Mr. Keynes in his brilliant book, and do nothing till we have got rid as a start of every existing Government in Europe? Or is Sir George Paish right, and should Europe borrow

International Financial Co-operation

\$7,000,000,000—or was it £7,000,000,000?—from the United States? Is there in reality any firm basis at all yet for international co-operation outside such normal commercial and financial transactions as can still take place? Does not external Government assistance, or even the belief that such assistance is coming, merely breed idleness and want of enterprise? Is there anything much worse than the Government control which follows Government credits? Even if there are nations to lend, what, it may well be asked, is the use of lending money to countries when the people will not work and when their still remaining resources are being squandered by constant issues of paper currency? One might as well pour it down a sink. Moreover, the external debt of most of these nations is already far greater than they can properly bear. Is it any remedy to increase it still further by borrowing more? Lastly, is it not imperative in face of such figures as the French and Italian just quoted to break the fatal habit of relying for imports on credit?

Clearly the problems before us are not so easy as Sir George Paish and his friends would seem to think. In fact, the granting of easy credit to Europe and nothing else would be like curing a drunkard by giving him more to drink. We may kill him at once if we cut off his drink altogether, but if we go on giving him as much as he wants he will certainly die fairly soon anyway. It is not by easy credit-taking that the European nations can establish their equilibrium, but by the very opposite—namely, by the most painful efforts at readjustment, by diminishing their consumption of imports to the very lowest point, by buying from countries who can afford to sell to them, by getting their imports from fellow-sufferers in distress, food from Russia and Roumania, manufactures from Germany, and so on, and by taking advantage of the depreciated exchanges to increase their exports, so far as they can, outside Europe. It is essential that the real economic burden should weigh heavily on each individual. It is only by his efforts and

International Financial Co-operation

sacrifices that the evils we are all suffering from can be remedied. An easy supply of commodities on credit, especially if coupled with increased purchasing power from increased credit and currency, will merely confirm his optimism and his extravagance and make the evil day more evil when at last it comes. Moreover, most of our troubles cannot be cured by credit. Except in so far as it provides essential articles not procurable internally, credit cannot restore the railway systems or recover lost foreign markets. And neither credit nor anything else is of value, if fighting one another is to be the chief industry of European nations, or if workmen will not work. Moreover, if further inflation of credit and currency constantly increases the public's purchasing power, credit might do actual harm in increasing instead of diminishing unnecessary imports. Such credit as can be granted must be for the purpose of increasing exports and not for internal consumption. It must be conditional on drastic internal reforms. Most countries have got to face the most disagreeable tasks at once. They are heading straight for bankruptcy unless they balance their budgets, limit their currency issues, reduce by taxation the abnormal purchasing power in the hands of their publics, and decrease consumption. The grant of credit should not be made to enable them to evade these disagreeable reforms, but, on the contrary, should be conditional on their carrying them through. Otherwise matters will merely be made worse. French credit, for instance, has suffered severely from the reluctance of France to tax herself. Public sentiment abroad rightly judges that it is useless to help her until she helps herself. The extent to which she has suffered abroad by her policy is measured by the almost complete fiasco of her recent offer of Treasury Bills in London. Mr. Lloyd George has promised her a loan, but its success depends on the British public, and they will certainly not subscribe until it is absolutely clear that the French nation mean to stand up to their burden. When they do this—as no doubt they will—it will become

International Financial Co-operation

far easier to help her to face the very serious problem of balancing her foreign trade.

Let us admit, then, that we all of us depend in the main on ourselves and on the efforts of each individual citizen, and that he will be moved to the right course, not by making things easy for him, but by making them hard, as they must be. Europe must return to political sanity, must renounce its national hatreds, must abandon its fantastic dreams, must tax itself, live hard, and rely as far as may be on its own resources.

It was to lay stress on these necessities that an international memorial was recently addressed by representative bankers and others in each country to the Governments of the United Kingdom, the United States, France, Holland, Switzerland, Sweden, Norway and Denmark. That memorial pointed out that—

The war has left to conqueror and conquered alike the problem of finding means effectively to arrest and counteract the continuous growth in the volume of outstanding money and of Government obligations, and, its concomitant, the constant increase of prices. A decrease of excessive consumption and an increase of production and taxation are recognised as the most hopeful—if not the only—remedies. Unless they are promptly applied, the depreciation of money, it is to be feared, will continue, wiping out the savings of the past and leading to a gradual but persistent spreading of bankruptcy and anarchy in Europe.

There can be no social or economic future for any country which adopts a permanent policy of meeting its current expenditure by a continuous inflation of its circulation and by increasing its interest-bearing debts without a corresponding increase of its tangible assets. In practice every country will have to be treated after careful study and with due regard to its individual conditions and requirements. No country, however, is deserving of credit, nor can it be considered a solvent debtor, whose obligations we may treat as items of actual value in formulating our plans for the future, that will not or cannot bring its current expenditure within the compass of its receipts from taxation and other regular income. This principle must be clearly brought home to the peoples of all countries; for it will be impossible otherwise to arouse them from a dream of false hopes and illusions to the recognition of hard facts.

International Financial Co-operation

The memorialists further pointed out that Europe was short of working capital, and that—

while much can be done through normal banking channels, the working capital needed is too large in amount and is required too quickly for such channels to be adequate. They are of opinion therefore that a more comprehensive scheme is necessary. It is not a question of affording aid only to a single country, or even a single group of countries which were allied in the war. The interests of the whole of Europe and indeed of the whole world are at stake.

They stipulated, however, that a first condition of granting any country further assistance should be that the expenditure of the various European countries must be brought within their taxable capacity, and the burdens of indebtedness as between the different nations brought within the limits of endurance. In order that the great problem of saving Europe from collapse should be investigated, the memorialists urged that an international financial conference of the countries chiefly concerned, "which should include the United States, the United Kingdom and the British Dominions, France, Belgium, Italy, Japan, Germany, Austria, the neutral countries of Europe, and the chief exporting countries of South America," should be summoned forthwith. They concluded by the statement that all the information at their disposal convinced them that very critical days for Europe were now imminent, and that no time must be lost if catastrophes were to be averted.

An answer to this memorial has already been given by the Governments of the United States and of Great Britain, and as a result of the reply of the British Government, the Council of the League of Nations has now determined to summon an International Financial Conference. The United States in a Treasury memorandum makes it brutally clear that the United States itself must not be looked to for the grant of further Government or banking credit for Europe. Mr. Carter Glass, the Secretary of the Treasury, lays stress, and proper stress, on the necessity of each European country depending upon the independent

International Financial Co-operation

activity and resourcefulness of its citizens, and upon each individual returning to a normal life of industry and economy. The rectification of the exchanges, now adverse to Europe, lies, in his opinion, primarily in the hands of the European Governments. "Relief would be found," he says, "in disarmament, the resumption of industrial life and activity, the imposition of adequate taxation, and the issue of adequate domestic loans. The American people should not be called upon to finance, and would not, in my opinion, respond to the demand that they should finance the requirements of Europe in so far as they result from failure to take these necessary steps for the rehabilitation of credit. If the people and governments of Europe live within their incomes, increase production as much as possible, and limit their imports to actual necessities, foreign credits to cover adverse balances will most probably be supplied by private investors, and the demand for a resort to such impracticable methods as Government loans and bank credits would cease."

There is very much in the statement of the Secretary of the Treasury with which all bankers and economists would agree. Apart from the inherent evils of Government credit, none of the countries which might be expected to grant credit, particularly the United States, Great Britain and the British Dominions, can be regarded as in a position, if times were normal, to grant large credits, either banking or Government credit. Banking credit is over-extended in all of them, and wants reducing, not increasing. With our own dollar exchange at \$3.35, the cold-blooded advice of the Currency Commission to trade only with countries which can pay cash—in other words, to turn our backs on nearly all Europe—would seem sound common sense, though it would be shortsighted to try to carry it out literally. In the United States there are a good many indications of an overstrained banking situation too. The banks are not in a position to extend long term foreign credit, and it is quite clear from the rates to be earned on foreign securities now—Anglo-French bonds yield nearly 11 per cent.—that

International Financial Co-operation

no self-respecting Government with regard for its credit could raise a loan there direct from the investing public.

The Secretary of the Treasury is embarrassed also by the attitude of Congress, whose assent to any further loans must be obtained. Congress has not shown any decided sympathy with Europe lately or alacrity in helping her. Congress, too, is all on the tack of economy, of no more Government borrowing and so forth, a very sound policy for purely internal reasons. Moreover, we must not in the next year expect any very decided policy from the American executive. President Wilson is ill; it is the year of a Presidential election: and the Government machinery of Washington cannot be running easily. The Secretary of the Treasury in the circumstances very naturally fears even to approach the task of assisting Europe by direct Government advances. His attitude may perhaps be expressed in Hamlet's words:

The time is out of joint:—O cursèd spite
That ever I was born to set it right!

We shall, moreover, not do the United States justice unless we recognise both that she has granted enormous Government credits to Europe since the Armistice and also that she is suffering from a good many of the evils of inflation and financial strain which are plaguing us. It is all very well for us to say that Americans should economise and not speculate and that if they acted prudently their resources would be ample for all needs. That may be so, but Europe is certainly on this subject not in a position to throw stones. On the other hand the memorandum of the United States Treasury, while sound in many respects, takes too little stock of the unprecedented and extreme character of the crisis. True it is that in normal times a depreciated exchange by encouraging exports and discouraging imports brings its own remedy. But this is not so now, when the import of raw materials must first be made in order to make export possible. If no such import is possible, affairs go from bad to worse. Again,

International Financial Co-operation

Europe's unfavourable balance of trade is so huge that an attempt to make her pay her way at once, as Mr. Carter Glass proposes, may mean so great a restriction of imports as to prevent her even getting the food and primary necessities to keep her population alive. Mr. Glass expresses a pious hope that the private investor will do what the Government and the bankers cannot. Permanent investment in foreign loans is the normal method by which one country provides working capital for another and is the one this country followed to a very large extent before the war. But the American investor is not used to foreign loans; speculation is rife in the United States and there is little reason to suppose that he will subscribe to European loans on any terms which can be accepted by Europe.

In one important respect too the United States Treasury appears to be under a serious misapprehension. It interprets the international memorial, to which reference has been made, as contemplating that the United States should be the only lending Government, and that all other European Governments should be recipients of credit from the United States. This, however, was by no means intended. The object of the memorial was to suggest an international conference, at which some plan might be worked out, by which, subject to necessary internal reforms, the importing countries, desperately in need of raw materials, might obtain on credit those raw materials from the exporting countries which possess them in abundance. The United Kingdom and the British Empire in general would certainly be, in these circumstances, required to give and not to receive credit, as would be also certain neutral countries in Europe, the South American exporting countries and others.

The answer of the British Government is more sympathetic. The British Government state that, in their opinion, the picture which the memorial presents of the financial and economic conditions resulting from the war, and of the grave economic and social dangers which, in consequence, confront the whole world, is not

International Financial Co-operation

exaggerated. All the information in their possession convinces them, the Chancellor of the Exchequer states, of the urgency of the problems to which the memorial draws attention. But Mr. Chamberlain goes on to point out that it is doubtful whether the participation of the United States Government in any conference could be secured, and it is obvious that the attitude of that Government must gravely affect the influence and even the utility of such a conference. He accepts, however, the view of the memorialists that such a conference might exercise a powerful influence in securing those measures of internal reform in the countries concerned which would not only be a necessary preliminary to any further assistance by foreign Governments but are equally necessary as a preliminary to any extension of commercial credits. He concludes as follows :—

The situation is so grave that His Majesty's Government are unwilling to omit any act which may help to alleviate it by bringing home to all concerned in this country and elsewhere a true appreciation of the nature and character of the difficulties with which the world is confronted, and which may at the same time indicate the only methods by which these difficulties can be overcome. Under these circumstances His Majesty's Government will be prepared to appoint representatives, if invited to do so by one of the Neutral Countries or by the League of Nations, on being satisfied that the Conference will assume a really representative character.

But the limits within which the co-operation of His Majesty's Government is practical must be clearly understood. They are impressed with the futility of attempts to solve the grave problem of reconstruction by a continuous process of new borrowing, whether in the form of internal loans to cover deficits on current expenditure or in the form of external loans advanced by one Government or another. They have themselves laid down as a cardinal feature of their own policy the cessation of new borrowing by the British Government and the establishment of an adequate sinking fund for the reduction of debt out of the revenue, and they have taken steps to stop inflation of currency. His Majesty's Government have also publicly stated that they are not prepared to grant further advances to other Governments which involve either new borrowings by this country or the taxation of our nationals for the purpose of making loans to the Governments of other countries, and His Majesty's Government cannot, in view of the immense liabilities which this

International Financial Co-operation

country has already assumed in the prosecution of the war, adopt either of these alternatives.

His Majesty's Government have, however, felt it necessary, in fulfilment of what they conceive to be the duty of the United Kingdom, to make a contribution worthy of the traditions of the nation to the reconstruction of Europe, to admit certain particular exceptions to the general principle that loans from Government to Government should cease. They are at the present moment engaged in discussions with the Governments of Canada, the United States of America, France, and certain other countries, including some which did not take part in the war, in regard to the provision of Government credits to Austria and Poland for the supply of foodstuffs and raw materials sufficient to enable those countries to avert famine and restart industrial life. His Majesty's Government felt compelled publicly to state in November last that, however desperate the need, they could not participate in measures of relief unless they were assured of the co-operation of the Government of the United States of America to an extent which would make it certain that this country would not be called upon to incur additional expenditure in the United States of America. The movements of the foreign exchanges since November last emphasise the difficulty with which His Majesty's Government were then confronted. In order, therefore, to avoid any possible misconception, His Majesty's Government desire to make it absolutely clear that, if they were to agree to take part in a Conference such as the Memorialists propose, it would not be with the idea that it was possible for the United Kingdom at this stage to make any considerable addition to its liabilities, and that if the grant of credits in any form were to be recommended by the Conference, His Majesty's Government could not support or take a share in any scheme which involved an addition to the liabilities of the United Kingdom for expenditure in America.

A day or two after the reply of the Chancellor of the Exchequer appeared in the Press, the Council of the League of Nations, taking note of the views of the British Government, determined to invite the nations chiefly concerned in the financial problem to an International Conference. The utility of the Conference will be impaired by the fact that the United States Government will not send representatives. But Europe is bound to consider her own problems, and England, standing half-way between Europe and the New World, has done well to co-operate. An International Conference cannot work a miracle. But it may at least

International Financial Co-operation

bring all the nations concerned to face the real facts, to convince the countries in need of borrowing how little there is to lend, and the countries which have still some power of lending how grave is the state of the would-be borrowers. Out of this may grow a greater spirit of co-operation and mutual assistance. It would be folly, however, to suppose that any Government measures can do very much or can replace private enterprise and self-help. Europe must face the situation. She will have to pass through a time of extreme difficulty, and it is hard to see how the ordinary machinery of credit, which is temporarily breaking down, is to be replaced. Barter, of course, can do something. Possibly institutions to foster barter might be developed to some extent. But modern Europe is too complicated. If she must depend solely on barter, her state is desperate. Other suggestions have been made which deserve consideration. One, for instance, is that a British company or British companies should be formed, say, for the purpose of trading with Austria. As no basis of credit exists in the case of Austria, the raw materials needed cannot be sold to an Austrian company. It is therefore suggested that the British company should form branches in Austria. The goods should be consigned to these branches, and should then be parcelled out among the Austrian manufacturers, say, cotton and wool to the textile and woollen manufacturers, the goods remaining all the time the property of the British company. Ultimately the manufactured article would be sold in some country which had either exports which the British company could buy or a currency which had an exchange value. The Austrian manufacturer would receive a proportion of the manufactured goods as payment to cover his expenses and a commission to represent profit. There seems no reason why a scheme of this kind should not be feasible, at any rate, in the case of certain articles. It has the great advantage of avoiding Government control and of ensuring that imports would not be used simply to increase the consumption of the home population, but in the main for export. Production and saving would

International Financial Co-operation

both be stimulated. The trouble is that it does not eliminate the political risk, and that at present our exporters are making too much profit elsewhere to bother about a difficult scheme like this. Nevertheless, British exporters ought certainly to consider whether some schemes of this character are not feasible, at any rate, for certain countries and certain commodities. It could be tried on a small scale first, so that if successful it could be extended.

The difficulties of the problem are shown by the little use hitherto made of the existing Government scheme for assisting exports to the small countries of Eastern Europe. As is known, £26,000,000 has been set aside for this purpose. The Government take 80 per cent. of the risk, and proper security in some form must be provided. Hitherto little has been done. Either the conditions imposed frighten off the exporter, who prefers his freedom, even if his risk is greater, or else for anyone except large concerns 20 per cent. of the risk is still too much. It is generally the political risk and the possibility of total loss which deters exporters. Nevertheless, either this scheme or some such scheme as that just referred to above is preferable, at any rate for the smaller and more backward countries of Eastern Europe. Apart from all the other strong objections to Government control, the governments of these countries cannot be trusted with large direct credits and with the efficient expenditure of large sums of money for trade and industry. The countries are in the main agricultural, and if their currencies can be brought into some sort of order, there is no reason why, with peace, they should not recuperate quickly. Some international control of their currency systems and the provision of loans for this purpose might be the most effective measure. But until conditions have settled down more it is doubtful if the time is ripe for such steps.

With the great industrial countries of Western Europe the case is different, and their position far more difficult, for their requirements are far greater. It is difficult, indeed, to see how, without the most drastic reductions

International Financial Co-operation

of imports, with the consequent lowering of the standard of life within their countries, they are to win through the next few years. Possibly something may be done by the actual control from this country and the United States, through private enterprise, of large undertakings in the destitute countries; for instance, it might be a profitable business for large interests in this country, in return for obtaining control, to provide the working capital for steel works, railways, or other big undertakings in Central Europe. This is, indeed, a very probable development in the next year or two, though it is difficult to say to what extent it will be carried out, particularly owing to the political instability of Europe. In any case it cannot completely solve the problem. Whichever way we turn, and whatever plans we may lay, the immediate future is obscure.

Certain measures might indeed be taken quickly, and one of the first is to amend the Reparation Settlement. On this question the writer is in general agreement with Mr. Keynes's book. Unless every plan of mutual assistance in Europe is to be quite unworkable, some definite sum which Germany must pay must be fixed upon, she must be left to find the means of paying it, and the Reparation Commission in its present form must be abolished. As to Germany's capacity, Dr. Melchior, the head of the German Delegation at Versailles, has recently given his opinion:—

Before the war Germany's imports exceeded her exports by Mk. $\frac{1}{2}$ to $1\frac{1}{2}$ milliards yearly, and this was adjusted by the freightage receipts of German ships and the revenue from foreign investments. To-day Germany is denuded of raw materials, food, and fodder, and the trade balance for many years will have to lie even more largely on the import side, but there are no longer freightage receipts and foreign investments to counterbalance. Germany is, therefore, dependent on foreign credit. The raw material credit will, it is hoped, be repaid chiefly by the export of the completed product. The food credits will, however, for the time form a permanent burden. It will, doubtless, be demanded by those providing them that the credits for raw materials and food shall take precedence of the indemnity claims, and to these payments must be added the cost of the army of occupation.

International Financial Co-operation

The German estimates for the current year show an expenditure of Mk. 24.2 milliards, as against a revenue of Mk. 25.3 milliards, leaving a surplus of Mk. 1.1 milliards. To the expenses must be added Mk. 2,659,392,000 for the cost of the army of occupation, which leaves a deficit of over a milliard, irrespective of the indemnity claims. There remains also the question whether the taxes will bring in as much as is allowed for in the estimates, for already the present taxes threaten to drain Germany's life-blood. In these circumstances it is extremely difficult to find a basis on which to calculate Germany's power to pay.

Germany's indemnity must, at present at any rate, consist in the main not of a balance of exchange due to her as a result of a favourable balance of foreign trade, but of actual commodities purchased by the German Government and handed over by it to the Allies—*e.g.*, coal to France and Italy, and so on. To pay for these commodities the German Government must increase its taxation, and the real test of the amount of the indemnity over and above capital assets in the form of ships, securities, etc., such as we can get from her in the next few months, is the absolute upward limit of Germany's taxable capacity.

If, as is undoubtedly the case, we must revise the inflated notions of the Treaty, this country will get comparatively little. This need not trouble us much, since we have in the Treaty included claims which are inadmissible under the armistice terms. It is a matter of honour therefore for us to forgo them. On this question, as on the great European problems in general, it is the duty of bankers and other financial authorities to show the politicians and the public the way to sanity and international goodwill. The financial leaders of all countries, friend and foe alike, are the only people who understand what is happening to the world and the necessity, if our civilisation is not to disappear, of co-operation by all to save it. If the leaders of the present capitalistic system cannot lead, but leave the world to its own ignorance, one cannot wonder if the masses, enraged by the sufferings which they will have to endure, end by overturning it.

THE GROWING RESPONSIBILITY OF LABOUR

INDUSTRIALLY, as well as politically, Great Britain is passing through troublous times. The year 1919 is described in a pamphlet published by the "Industrial League and Council for the Improvement of Relations between Employers and Employed" as a disappointing year in industry. It is, indeed, a serious fact that in the first year after the cessation of hostilities something over 32,000,000 working days were lost through trade disputes, as compared with about 5,000,000 days in the preceding year. Scarcely a week has passed since the armistice was signed without bringing its strike or threat of strikes, and the observer abroad must have received the impression that Great Britain is in a chronic state of turmoil and chaos.

Yet life in Great Britain, industrial, economic, social, religious—in short, in all its departments—goes on, generally, with little outward sign of internal dislocation and instability. From time to time the newspapers announce in big headlines that a fresh "crisis" has arisen in the relations of employers and workpeople in this or that branch of industry, or that "grave trouble" is threatened for the Government and the nation by this or that powerful Labour organisation. Sometimes the trouble comes to a head, and a few thousand men here or a few hundred thousand men there declare a strike. Usually the stoppage lasts only for a day or two. Even before it begins

The Growing Responsibility of Labour

the machinery either of the State or of the trade union movement itself is generally in motion to avert it, or, at the worst, to curtail its duration, by means of conciliation. Now and again, as in the case of the ironmoulders' strike, the dispute may be prolonged even for several months in spite of all attempts at settlement, either by the parties directly concerned or by intervention from outside. Occasionally, as in the case of the railway strike, the dispute may interfere appreciably with the comfort or convenience of the whole public, and for a while may monopolise public attention. Yet the milkman continues to deliver the milk and the newsagent's boy brings the newspapers as usual in the morning to the people's doors, and the household refuses to be disorganised. Individual employers give themselves up to lamentations over the inevitable decline and fall of the British Empire. Unthinking but talkative citizens in first-class compartments of suburban trains inveigh angrily against the "Bolsheviks," who are supposed to control, if not actually to man, the trade unions. A few employers, avoiding both abject pessimism and thoughtless rage, begin to examine schemes for copartnership or profit-sharing. After every strike there is a new outburst of zeal for "industrial peace," and a more or less earnest groping for a basis on which it may be founded. But nothing happens until the next big trouble arises, and then the process is repeated. And all the time Labour grows steadily in strength and ambition, so that on each demand ensues another and probably a greater, and the country is kept in perpetual ferment.

This is the picture of industrial life in Great Britain to-day as it might appear to a casual visitor. Another view, expressed recently by a fairly acute observer of economic and industrial conditions, was that the British nation was in the position of a household in the Fen district, whose house had been half submerged by the bursting of a river bank. The ground floor was under water, and the family were living on the upper floor, doing their best to

The Growing Responsibility of Labour

go through the normal routine of life, but handicapped at every point, and harassed continually by the fear that the lower walls of the house might collapse at any moment. Which of these pictures is correct, or is either of them a true representation of the facts? Is the country simply living from hand to mouth? Is industry—or rather, the Labour element in industry—merely drifting, or is it moving with any conscious purpose towards any definite objective? Is Labour growing only in power and appetite, and is it reckless of responsibility?

Questions such as these are engrossing the minds of many students of industrial affairs, and none but the boldest will give more than a tentative answer. The evidence is conflicting, and it is not easy to separate the essential from the non-essential. Take, for illustration, the alarming analogy of the flooded farmhouse. When a river has overflowed its banks and spread itself over the adjoining land, it is not always possible for a man standing on the fringe of the flood to discover the direction of the stream; the water may appear not to be moving at all or an eddy may give the impression that it is flowing in the opposite direction to its real course. Further, when a fenland river bursts its bank, the water both above and below the break flows to and through it, so that the lower part of the stream actually runs back to meet the upper part at the gap. In such circumstances—and they are, perhaps, not wholly inapplicable to the present financial and industrial circumstances of Great Britain—local and partial observation may easily lead to false conclusions. So it may well be that at the very moment when the country is congratulating itself on having reached the end of a spell of acute industrial trouble, and manufacturers are beginning to hope that Labour has settled down, a fresh crop of trade union demands for higher wages or shorter working hours or a new political requisition from the Labour Party to the Government upsets all calculations and enforces a revision of opinions.

The Growing Responsibility of Labour

Subject, however, to the disturbing influence of temporary and fluctuating factors on any complete and final estimate of the industrial position, it is possible to trace in the recurrent commotion of the Labour world certain broad tendencies. Commissions, committees, organisations of various kinds, and public writers and speakers of all shades of political opinion have given to the public a variety of explanations of the causes of that ferment in Labour which is conveniently called "unrest." To enumerate all the causes, fundamental and subsidiary, permanent and temporary, general and special, internal and external, to which the simmering discontent of Labour has been ascribed, would be tedious. Outside the Labour movement itself, few people who have written or talked about the problem have really touched the roots of the unrest. The plain fact is that Labour is restless and at times turbulent because Labour is the only section of the nation which believes that it has anything to gain by restlessness. Employers, whether associated or not, have no inducement to disturb the even course of industry, for disturbance almost invariably means to them a loss of profits. In spite of the fiction which is still half-heartedly taught to young trade unionists, "capital" seldom takes the direct offensive against Labour. Nor have the middle classes, that is to say, the professional, clerical, technical and administrative workers, shown any disposition to make war on any other class. In class warfare they generally suffer more than the belligerents. But Labour is essentially an aggressive force, organised, mobilised and drilled for purposes of attack, and Labour would break all its traditions and stultify itself if it ceased to maintain the offensive against capital. This is an elementary fact; yet it needs to be mentioned, for it is frequently overlooked by critics who see in strikes and strike threats nothing but the signs of waywardness, of a love of quarrelling, or of deliberate malice. Another diagnosis will be found in the following extracts from the Trade Union Memorandum

The Growing Responsibility of Labour

attached to the report of the Provisional Committee of the National Industrial Conference of last year :—

The fundamental causes of Labour unrest are to be found rather in the growing determination of Labour to challenge the whole existing structure of capitalist industry than in any of the more special and smaller grievances which come to the surface at any particular time. . . .

It is clear that unless and until the Government is prepared to realise the need for comprehensive reconstruction on a democratic basis, and to formulate a constructive policy leading towards economic democracy, there can be at most no more than a temporary diminution of industrial unrest to be followed inevitably by further waves of constantly growing magnitude. . . .

The changes involved in this reconstruction must, of course, be gradual ; but if unrest is to be prevented from assuming dangerous forms, an adequate assurance must be given immediately to the workers that the whole problem is being taken courageously in hand. . . .

The widest possible extension of public ownership and democratic control of industry is the first necessary condition of the removal of industrial unrest.

The memorandum from which these passages are taken was signed by Mr. Arthur Henderson, Secretary of the Labour Party, and Mr. G. D. H. Cole, Secretary of the Labour Research Department, the Intelligence Branch of the Labour Headquarters Staff. As a statement of what may be described as the intellectual interpretation of Labour ferment, the document could hardly be improved. It is full of well-worn but ill-defined phrases—"economic democracy," "democratic control," and the rest—but it expresses aptly the vague aspirations which actuate most of the official leaders and some of the rank and file of the movement. Not a few of the unofficial leaders—the shop stewards and the avowed rebels, particularly—would no doubt endorse the first of the paragraphs quoted above, in which Labour is represented as resolute for the overthrow of the present industrial system, though they would not agree with the admission that the change must be gradual. But these, even if they are to be found in twos and threes

The Growing Responsibility of Labour

in every workshop, and strive to make good their weakness in numbers by tirelessness in effort, do not represent the masses of the workers. Does the average man in the trade union ranks really yearn, as his official leaders pretend to do, or burn, as his unofficial leaders unquestionably do, to overturn "the whole existing structure of capitalist industry," by stages or otherwise? Is it not rather the case that the ordinary trade unionist attaches more importance to an immediate improvement of his conditions of employment, whether it be in wages, hours, methods of working, or security from unemployment, than to the ultimate attainment of theoretical "economic democracy," of which he has the haziest of notions, and his share in which cannot be realised in terms of cash, food, or other necessities of to-day's and to-morrow's life? It must not be supposed that the average man who loyally pays his trade union contribution and his levy to the Labour Party is indifferent to the high aims which Mr. Henderson and Mr. Cole uphold before his eyes; they are the aims and purposes of the brotherhood of Labour, and they are his as much as Mr. Henderson's. It is therefore no reflection on his good faith, as a trade unionist and a supporter of Labour's political programme—it is merely the statement of a natural and patent fact—to say that the length of his working week and the amount of the wages he receives at the end of the week occupy a larger place in his thoughts than any problematical reconstruction of society. When he presses for shorter hours or higher wages, he does it because he wants more leisure or more money, not because he is determined to "challenge the whole existing structure of capitalist industry." It may be arguable that persistence in his demands, and the formulation of new claims as soon as the first are conceded, help to create a situation in which industry will have to choose between destruction and reorganisation; but so far no responsible body of trade unionists has used that argument to justify a claim. On the contrary, all the demands for higher wages put forward

The Growing Responsibility of Labour

in the last two or three years by the miners, the railwaymen, the engineers, and other groups of workers have been based on the advance in the cost of living, on the claim of the worker to a higher standard of living, or on both grounds. Similarly, all the demands for shorter working hours have been defended on the ground either that the existing hours were so long as to entail physical exhaustion, or that the worker had a just right to greater leisure for recuperation and recreation, and sometimes on the additional ground that a reduction of hours would contribute to the solution of the unemployment problem by compelling the employer to engage more men in order to maintain his output. In short, so far as the masses of the workers are concerned, the chief cause of unsettlement is not an uncontrollable longing to re-mould the industrial system on the lines of collectivism, guild socialism, or any other 'ism, still less a subtle conspiracy to destroy capitalism by a process of erosion ; it is the anxiety of ordinary men to maintain for themselves and their families, in face of constantly rising prices, their pre-war standard of comfort, and, if possible, to improve on it. Economic pressure, or, to put it bluntly, the cost of bread, meat, clothing, and all else that man and his household need, drives trade unionists to use their industrial machinery to restore the balance of prices and wages. The natural desire for betterment in its literal as well as its widest sense impels them to strive for something more than a mere counterpoise. They were encouraged repeatedly during the war by members of the Government, by public men in every walk of life, and by newspapers of every shade of opinion, to believe that the end of the war would be the beginning of a new and brighter era, that all classes of the nation would come out of the furnace purified and ennobled, and that Great Britain would be transformed into a country fit for heroes. In spite of the scoffing of sceptics, tens of thousands of the working people accepted these assurances and worked all the harder for it. The armistice came, but it did not bring peace, even with the

The Growing Responsibility of Labour

enemy countries. With Russia it brought intensified warfare. The ordinary working man knew nothing of Russia, and could not follow the march of events there. All he knew, or thought he knew, was that by a dramatic and bloody stroke an autocracy had been swept away and a "dictatorship of the proletariat" had taken its place. To this day the British worker clings tenaciously to the belief that, whatever may be its imperfections and its excesses, and however inapplicable the Soviet system may be to a country such as his own, the revolutionary Government of Russia is the herald of the dawn of democracy. His knowledge of the true state of affairs in Russia is as shadowy as his conception of the true meaning of democracy. But he has so far assimilated the teachings of the doctrinaires and intellectuals of the Labour movement as to believe that he cannot consistently disown proletarianism even when it is bathed in blood. The position, therefore, which confronted the working man last year was this: He found that a suspension of fighting with the Central Powers did not mean a speedy peace with them, that his own Government was directly and indirectly making war on an infant democracy in Russia, that the millennium to which he had looked forward at home was still afar off, that he and his dependents were more and more feeling the pinch of soaring prices, and that other parties in industry and commerce were reaping unprecedented profits out of the pockets of himself and his fellow-consumers. Is it surprising in these circumstances that the removal of the patriotic impulse created by the national emergency, and the reaction from a great physical and mental strain, left the ordinary working man in a state of irritability and nervous tension which was bound to be fatal to all hopes of industrial peace?

Two other factors have to be taken into account in any attempt to understand the conduct of Labour in the troublesome months since the signing of the armistice. One is the fact that, owing to the truce from industrial

The Growing Responsibility of Labour

conflict which was declared on the outbreak of war and maintained, nominally at any rate, until towards the end of the war, Labour had, as it were, certain arrears to make up in settling its accounts with capital. The railwaymen's demand for the eight-hour day, formulated before the war, suspended during the war, and renewed immediately after the war, is perhaps the most ready example of these postponed claims. Large bodies of the workers, it is true, materially improved their economic position while the war was in progress, sometimes by the use of the strike, more often automatically by the play of the laws of supply and demand. At the same time, it must be appreciated that when the restraint on the right to strike was relaxed Labour had accumulations of "old scores" sufficient to keep the strike weapon in full use for many months, and, as has been suggested above, Labour was in the right mood to make full use of it. The second fact which it would be a mistake to overlook is that owing to the great accretions to the numerical strength of the trade unions since 1914, the vast progress made towards the consolidation of trade unions by means of amalgamation and federation, and the decided advance towards the welding of the industrial and political Labour forces into a closely-knit, cohesive body, Labour had acquired a broader consciousness of its own power in the State and a completer confidence in its exercise of that power. Thus, both in the industrial and in the political field, Labour immediately after the war had the temper, the occasion, the strength, and the will, as it had never had them before, to proclaim its wants and to secure the satisfaction of them. Naturally there were differences of opinion inside the movement about the methods by which Labour should achieve its aims. There were some who thought that an attempt should be made by smashing tactics to obtain everything at one push, even if the existing structure of society collapsed under the pressure. There were others, and these were in the majority, who held that it would be madness for Labour

The Growing Responsibility of Labour

to destroy one social order unless it did so gradually and built up brick by brick a new order in its place. These two sections of thought coincided approximately with the "direct actionists" on the one hand and the advocates of political action on the other, and the former had always the advantage over the latter, in appealing for the support of the rank and file, of ability to demonstrate that the strike was a handier weapon than the ballot box. The profits obtained by the strike might be small, they could argue, but the returns were quick, because Labour had the majority in the industrial arena; but in the political arena, or, more strictly, in the House of Commons, Labour was in a hopeless minority and could not speed up the cumbersome machinery of legislation. The argument was a specious one, and might have been expected to have great weight with Labour in its post-war mood. The disappointment of the high hopes which Labour entertained before the general election of winning several hundreds of seats in Parliament made the ground particularly favourable for the propagators of "direct action." Within two months of the election there were extensive and obviously concerted strikes in Glasgow, Belfast, London, and elsewhere, and the country had to meet the first challenge of the revolutionary element. The strikes, without a single exception, failed; and they owed their failure mainly to the fact that the general mass of Labour kept its head and the national leaders of the trade unions directly concerned dissociated themselves from the outburst. Later in the year the State was confronted with a far more formidable challenge. The miners, or rather, the delegate conference which speaks in the name of the miners, began to coquet with "direct action," and presently involved the Triple Alliance of 1,500,000 miners, railwaymen and transport in the flirtation. The leaders of the Alliance even went so far as to draw up a ballot paper in order to collect the opinion of the rank and file of the three bodies on a definite proposal to strike for the enforcement of purely

The Growing Responsibility of Labour

political demands. Again, Labour in the mass kept steady, and the Triple Alliance changed its plans. It postponed, and virtually abandoned, the plunge into "direct action," so far at least as the original pretext for it went.

In both of these cases, it is to be noted, Labour as a national force took no part in the challenge to the stability of the State. The national officials of the engineering trade unions involved in the Glasgow-Belfast-London conspiracy not only disavowed the action of the strikers, but took rigorous disciplinary measures in accordance with the rules of the unions against the local officials who led the outbreak. The Triple Alliance leaders, in retracing their steps towards "direct action," frankly confessed that they were influenced by the reflection that the question was one for determination by the whole Labour movement and not by any section of it, however important. Do not these two incidents suggest that Labour is not only more ambitious than it was before the war, and not only more powerful, but more conscious of the responsibility which the possession of great power should entail? The sense of responsibility in the Labour movement will hardly be denied by anyone who watches the development of Labour activities. It is no new phenomenon. It existed before the war, but the events of the war broadened and deepened it, and events after the war have proved its reality. Nearly four years ago its growth was noted in these columns, as the following quotation will show:—

The war may well prove a turning-point in trade union policy and history. When Mr. Tennant, on February 8, 1915, called upon the Labour leaders to help the Government and employers out of a difficulty by "organising the forces of Labour," he was creating a far-reaching precedent, which the successive subsequent consultations of representative labour bodies have confirmed. Difficulties had arisen in the workshops all over the country. Whose business was it to deal with them? On the old theory of what may be called industrial autocracy it was solely the business of the "master" to deal with "his men." On the new theory, now acknowledged

The Growing Responsibility of Labour

almost as a matter of course, it is also the business of the leaders of the industrial democracy to which the men belong. The various consultations and conferences that have taken place mark the devolving of a share of the responsibility for the carrying on of the industrial work of the country on to the trade unions and their leaders. How far this development will ultimately go no one can yet say. What is certain, however, is that this acceptance of responsibility by Labour is in the straight line of the British political and industrial tradition.*

The gradual building up of the responsibility of Labour need not here be traced in detail. Labour accepted responsibility to the nation in August, 1914, when it concluded the industrial truce. The Government recognised that responsibility when it opened its ranks to admit members of the Labour Party. Again and again the Government consulted Labour through the medium of the trade unions on questions of national importance, but of peculiar Labour interest. The Whitley scheme, the embodiment of the policy which the Government adopted for the future arrangement of industrial relations, is founded on recognition of the responsibility of Labour. The claim of the Labour Party in the new Parliament of 1919 to be regarded as the official Opposition—"His Majesty's Opposition"—instead of an independent body of members in some such isolated position as that which the Irish Party used to occupy, is a further admission of Labour's present and prospective responsibility. Politically as well as industrially the Labour movement is becoming responsible in proportion as it grows in numbers and influence, and, what is more important, not only the leaders of the movement, but an increasing company of the rank and file are aware of the fact and proud of it.

If this reading of the mind of Labour be correct, does it not explain why the country emerged virtually unscathed from the troublesome first year of "peace"? As was stated at the beginning of this article, the year 1919 was from the industrial point of view, as well as from some others, an

* THE ROUND TABLE, June, 1916, p. 463.

The Growing Responsibility of Labour

exceptionally stormy period. Serious disputes arose, and bigger disputes were narrowly averted. Industry was harassed, yet it contrived to absorb upwards of 3,000,000 men who returned from the war, and at the end of the year the foundations of industry were still unshaken by any assault from Labour. The leaders of the Labour Party still believe that the salvation of the wage-earners will only be finally wrought by the supplanting of the "whole existing structure of capitalist industry" and the establishment of "economic democracy"; but, pending the realisation of that ideal, they are tolerably content with such instalments as the Bills for the enforcement of a universal 48-hour week and the fixing of minimum rates of wages for all trades which the Government have produced as the result of last year's National Industrial Conference. Labour, in a sentence, has discovered that there is no short cut to the millennium, and, though it resents bitterly the failure of Ministers to redeem the promises which some of them held out during the war, it has no intention of injuring itself for the sake of spite. Moreover, far-sighted men at the head of the political Labour organisation know that if they are to lead their men to the Government bench within a reasonable time, and if they are to reconstruct society according to their own designs without creating utter chaos, they must enlist at the worst the sympathy, and at the best the active support, of the brain workers or "black-coated middle-classes," whether in industry or outside. It was in order to open its gates to these classes of non-manual workers that the Labour Party, not without some demur on the part of the extremist wing, widened its constitution so as to embrace "all producers by hand or by brain," and it is interesting to note that steps in the direction of the organisation of technical and administrative workers have recently received direct encouragement from some of the most active men at the Labour Party headquarters. Obviously the greater the sense of responsibility which Labour is able to show, the better its chances of

The Growing Responsibility of Labour

enrolling what used to be regarded, probably with some justification, as the most conservative section of the community.

In the last issue of *THE ROUND TABLE* an account was given of the origin, progress, and results of the railway strike at the end of last September, and some stress was laid on the share which was taken by the Mediation Committee representative of non-railway unions in bringing the dispute to an end. The *personnel* of that committee included men of moderate views and men whose views, judged by their public utterances, were anything but moderate. When they first went to Downing Street the public belief was that they intended to widen the area of the conflict between the Government and the railwaymen. Events proved that their real purpose was precisely the opposite, and that their one anxiety was to circumscribe the field of battle in order that the dispute might be settled before it was complicated by wider and graver issues. It is worth while in considering present tendencies in the Labour movement to recall the statement which the committee issued on the eve of the settlement, at perhaps the most critical moment of the struggle. In this statement they said :—

A situation of the utmost gravity has arisen in connection with the present railway crisis. Though we are still doing our utmost to keep open the door for negotiation, we feel that as responsible leaders we should be lacking in our duty if we omitted to state our view of the causes leading to the failure for the present of our efforts at conciliation.

These efforts were directed to bringing the Government and the railwaymen's executives together in a renewed attempt to settle the dispute. For the first time in industrial history a responsible body of trade unionists voluntarily undertook the task of mediation. But we regret to say that the Prime Minister and his advisers have adopted what we consider to be an irreconcilable attitude in response to the moderating influences we have brought to bear. . . .

Notwithstanding statements made by and on behalf of the Government, we have satisfied ourselves that the present struggle is the outcome of organised trade union policy to improve wages.

The Growing Responsibility of Labour

and general economic status, and we are fully convinced that the responsible authorities of the country, in conjunction with the railwaymen's executives, should make yet another effort to settle the dispute, which, if it last much longer, will not only increase the privations and discomforts of the public, but must destroy the whole industry of the country.

A few hours after they signed this statement some of the mediators beguiled the time of waiting in one of the Downing Street corridors by singing the "Red Flag," the battle-hymn of international Socialism. The incident, coupled with the statesmanlike declaration set out above, throws a strong light on the spirit which is in British Labour. It has not weakened in its faith in the accepted tenets of the democratic creed. It desires as strongly as ever to challenge the structure of industry and of society itself. But it has no desire to see reproduced in Great Britain the terrible mistakes and crimes which have been committed in Russia in the name of democracy. It has grasped the fact that Labour and the nation are not one body but two, that the nation is greater than Labour, and that the true interests of Labour are not different from the true interests of the nation. Labour has the national sense, the sense of collective and mutual responsibility. For that reason trade unionists intervened to restore peace between their fellow trade unionists and the trustees of the nation.

The same feeling found expression in another form when the Transport Workers' Federation joined with the National Council of Port Labour Employers in asking for a public court of inquiry to investigate the justice and practicability of their claim to a standard minimum wage for dockers of 16s. a day. The inquiry opened early in January, and the first sitting was notable for a speech by Mr. E. Bevin, organiser for the Federation, which for calm, orderly presentation of facts and arguments could not easily be excelled even by the most practised barrister. Six months before, if the dockers had put forward the same claim, they would soon have followed it by threats of a

The Growing Responsibility of Labour

stoppage, and another of the recurrent "Labour Crises" would have been announced. Instead of this, the Transport Workers elected to let the merits of their demand be threshed out in public court, and, as Mr. Bevin said in his opening address, to let the public hear the evidence because it would be the final judge. This, in itself, is a symptom of the temper of Labour which is as striking as it is welcome.

Finally, it is possible to follow the working of the responsible feeling in the mind of Labour through the various stages of the campaign for the nationalisation of the mines. Before this article is published the campaign will possibly have reached the decisive stage at the second Special Trades Union Congress, called to decide what action, if any, should be taken by the trade unions as a whole to "compel" the Government to adopt the so-called Majority Report of the Sankey Commission. To anticipate the decision of the Congress would be folly. But the development of the campaign up to that point is not without some bearing on the present thesis. Nationalisation was associated with wages and hours in the national programme of the Miners' Federation twelve months ago. It was the subject of the second Sankey Inquiry, after the questions of wages and hours had been settled. The miners' representatives on the Commission endorsed, subject to one or two reservations, the recommendations of the Chairman that the Government should at once accept the principle of nationalisation and that they should reorganise the industry that the principle could be brought into full operation three years later. The Government put aside these proposals, and presented a scheme of their own for the future control and management of coal-mining. The merits of the plan need not now be discussed. The miners refused to accept it, and appealed to the Trades Union Congress at Glasgow last September for support in this attitude. The Congress readily gave it, and decided that it should hold a special meeting later in the year to consider what steps should be taken if the Government

The Growing Responsibility of Labour

persisted in its attitude. The Government did persist, and the Special Congress met. If Trotsky or Lenin had been able to see the delegates and hear the speeches, he would have telephoned at once for a battalion of Red Guards with machine guns to exterminate so unrevolutionary an assembly. The Congress was told by the chief spokesman of the miners that arrangements had been made for a great campaign, by speech and pamphlet, to arouse the country and to prove to the Government that the demand for nationalisation was a national demand. In order to let this propaganda proceed, the Congress was adjourned until after the reassembling of Parliament for the 1920 session, and the decision on action to "compel" the Government was accordingly deferred. What was the meaning of this second postponement of the "direct action" issue, for that is what the framers of the Glasgow resolution had in mind? Why should the miners, with the help of the Trades Union Congress Committee, the Labour Party Executive, and the Committee of the Co-operative movement, embark on a campaign of platform and pamphlet propaganda on the lines of constitutional political agitation? Can there be any explanation other than that the miners were anxious to carry with them, when they presented their final ultimatum to the Government, as much support as they could derive not only from the rest of the Labour movement but from the general public? That would at least appear to be a legitimate inference from the course adopted by the miners from the moment when they dropped the proposal for "direct action" on other and more general political issues; and, if it be well founded, it confirms the conclusion already drawn from other aspects of trade union and Labour Party activity that the Labour movement of Great Britain is almost as much awake to-day to the responsibilities which it carries as it is alive to the tremendous power which it commands. In that fact lies the best security for the sanity and stability of the country, under whatever Government it may have.

PROBLEMS OF EUROPE

THE PARIS CONFERENCE AND AFTER

THE Conference at Paris met in the middle of January 1919 and came to an end after a year's work, when its duties were transferred to an Ambassadorial Conference in which Lord Derby is the British representative. It will be useful to state briefly what exactly was achieved by the Conference and to point out what remained to be done by those to whom it is transferring its responsibilities.

The situation in general was as follows :—

The Treaty with Germany had been, after very long and unaccountable delay, not only signed, but ratified, and had come into effect as part of the public law of Europe. The Treaties with Austria and Bulgaria had also been signed, but the further step of ratification had not been taken ; in the case of Austria it is remarkable that, though the Treaty was signed on September 10, four months had apparently been allowed to pass without the necessary steps being taken to accelerate the ratification. This seems a matter to which public attention should be drawn, for innumerable problems of the most urgent importance, affecting the very conditions of existence of a large population, are being held up through this delay. Surely with reasonable foresight it would have been possible to arrange that the Austrian Treaty should come into force at the same time as the German Treaty. The Hungarian Treaty had been drafted and presented to the Hungarian Delegates, but their

Problems of Europe

observations on it have not been received, and, even under the most favourable conditions, some time would still elapse before the signature. In addition to the main Treaties, a large number of accessory Treaties and Protocols had been arranged and signed, of which the most important were the Minority Treaties, guaranteeing full equality to racial, religious and linguistic minorities in the new States and in those Balkan States which had received large accessions of territory.

I. THE TREATY WITH GERMANY

THIS was the formal position. We must now consider what progress had been made towards the establishment of the permanent settlement of European problems. Here again we must begin with Germany; whatever other criticisms may be passed upon the work of the Conference, this at least can be said, that it has for good or evil determined the territorial configuration and the political status of the new Germany and, if our interpretation is correct, has done so in strict adhesion to the principles which were agreed upon previous to the Armistice. There has been a large amount of vague criticism on the treatment of Germany, which has naturally found an echo in Germany itself, and which tends to create the view that a great injustice has been done to that country. This, we believe, is, as regards the territorial and political settlement, entirely unfounded. It is common knowledge that discussions as to the terms of peace to be imposed upon Germany, especially in France, advocated the complete disruption of the Empire, the re-establishment of the old condition of affairs in which Germany should be divided into numerous States, which would inevitably become the clients of the other countries of Europe. It was especially urged that the whole of the left bank of the Rhine should be completely separated from the rest of Germany, or, if this could not be

The Treaty with Germany

achieved, should be constituted as a separate State within a Germanic Confederation, with such special rights and privileges as would bring it completely into the French orbit. Now, if the problem had been approached purely from the point of view of the relative strength of the different nations and of the balance of power, there was much to be said for some such solution, for, as French military opinion has always insisted, France could never be secure so long as she was confronted with a Germany with a population so much greater than her own. A peace thus dictated, merely on the old principles, would almost inevitably have meant the destruction of Germany and the overthrow of the work of Bismarck. We believe that such a peace would in reality have been a grave error; the forces of German union, the result of the internal development during the last 50 years, were too strong to be permanently eradicated, and the attempt to destroy German unity would have had no other effect except to produce generations of unrest in Europe, for the German States, which had been forcibly separated from one another, would in fact have devoted their whole efforts to coming together once more. However this may be, a settlement of this nature was prevented by the acceptance of the Fourteen Points as the basis of the Peace. "Peoples and provinces are not to be bartered about from sovereignty to sovereignty as if they were mere chattels and pawns in a game." "The settlement of every question, whether of territory, of sovereignty, of economic arrangement or of political relationship, upon the basis of the free acceptance of that settlement by the people immediately concerned and not upon the basis of the material interest or advantage of any other nation or people which may desire a different settlement for the sake of its own exterior influence or mastery." To these principles the Allies were pledged, and, as regards Germany, to them they have adhered.

In general it may be said that no territory has been taken away from Germany except that which may be completely

Problems of Europe

justified not only on the general principles of justice, but also on the President's declarations. Such a statement does not involve a pledge to the maintenance in every detail of the precise frontier between Poland and Germany ; no doubt a case may be shown for small rectifications of the frontier in some districts, but the apportionment of a few villages or square miles of agricultural country is not a matter about which Europe as a whole need be concerned. In all those districts where there was a real doubt as to the justification for change an opportunity is being given to the inhabitants to declare their own allegiance.

It is indeed one of the most remarkable characteristics of the Peace that it has definitely adopted the principle of the plebiscite. Hitherto this has been applied only on two occasions : the first was at the time of the French Revolution, when it was used as a means of extorting from the inhabitants of the Rhine Province a vote for annexation to France ; the other was at the annexation of Nice and Savoy to France in 1861, and the annexation of the central Italian duchies to Piedmont in 1859. There is, however, an essential difference in the consultation of the people then and now. Then the vote was taken for the whole of a recognised centre of government administration ; the populace of Tuscany or Parma or Nice or Savoy elected their representatives ; they came together in council, and the verdict was given by this representative assembly. There was no proposal for drawing a new frontier line which would divide areas which hitherto had had a common government. The new doctrine of the plebiscite is very different. As it has been determined for Schleswig, for Silesia, for the Allenstein and Marienwerder districts, or ultimately for the Saar Valley, the voting is to be by commune, and when it has taken place then there will be the further stage of drawing the new frontier ; in this work the commissioners, while following as far as possible the wishes of the population as expressed in the vote, will also have to take into consideration economic and geographical

The Treaty with Germany

questions. The real difficulty will be this. The population are asked to give what is meant to be a final and irrevocable decision as to their future allegiance. What reason is there to suppose that the opinions of to-morrow will ratify the verdict of to-day ? How will the population of Upper Silesia in a few months be able to make a real choice between the two nations, Germany and Poland ; for a choice of this kind will be determined not merely by racial affinities and national sympathies, but also by the preference for one or another form of government ? But no one knows yet, or probably will know for some years, what the government institutions or administration of Poland and Germany will be ; the people are being asked to throw in their lot while they are almost completely in the dark as to what this implies. Moreover, undoubtedly the verdict may be largely influenced by the recognition that separation from Germany will free the population from their share in the burden of reparation.

It is also unfortunate that at least two districts, the Saar and Upper Silesia—the territory the fate of which will have to be determined in this manner—are, owing to their mineral wealth, of the greatest importance from the point of view of economic balance of power. In cases such as this the whole principle of the plebiscite might justly be called in question. Are the Silesian coal mines to be German or Polish ? Is it fair that this, on which may depend to a large extent the very economic existence of Germany at all, shall be allowed to depend upon a narrow majority of the population who at this moment occupy the district ? What does the population consist of ? There are first of all the old-established peasants who are little occupied directly in the working of the mines. Side by side with them is a large floating industrial population, who have been brought to the district in comparatively recent times merely because of the opportunities for work, and who with industrial changes would probably drift away to some other mining field. Is it fair that a matter of

Problems of Europe

such supreme importance to a whole nation should be decided by their suffrage? However much it may be recognised that in the circumstances the principle of the plebiscite was enjoined upon the Conference, it is impossible to feel confident that it will be found to have given a decision which will receive the universal moral sanction which is requisite in order that these difficult territorial problems may be settled once and for all. This is but one more instance of the manner in which idealist conceptions fail to bring forth the practical justice for which their adherents hope.

One territorial point which has been much canvassed is that of Danzig. Here it seems that the Germans have no ground for objection. By accepting the President's manifestoes they accepted the principle of the restoration of a Poland with free access to the sea, and it is obvious that the free access in the only way in which it would be of real service to Poland must imply very extended control over Danzig. The compromise by which Danzig is made an independent sovereign city, but one which has to be joined under treaty form in close economic union with Poland, is probably as far as it was possible to go to meet the feelings and wishes of the German population. The solution has been criticised on the ground that it is highly artificial, and that, by placing a Polish corridor between Germany and her eastern frontier, a situation will be created which cannot stand any severe strain. On one point all will be agreed: it is a solution which will certainly break down if there is to be a great war. Germany could not defend East Prussia without violating Polish territory; Poland will find herself in possession of territory and of rights which it would be difficult to defend against a German army. But the true answer to this criticism is that the whole object of the Peace is to attempt to eliminate that situation under which Europe has been suffering for more than two generations; we have got into the habit of considering all problems in their

The Treaty with Germany

bearing, not merely upon war, but upon the great war between armed nations, a war the result of which will be a destruction of the defeated. The one hope for the future is that this conception will be eliminated from European politics. We cannot expect that there will never more be war or fighting; but we can hope that it will be on a much smaller scale, that it will be local, and that we shall get rid of the system in which the whole forces of civilisation and of national wealth have been made subservient to the building up of enormous armies.

But perhaps the most notable result of the Treaty has been, to judge by present appearances, that, so far from weakening the cohesion of Germany, it has strengthened it. What has happened to all the anticipations of which we heard so much eighteen months ago of the secession of Bavaria from Germany, of the Rhineland or Westphalia or Hanover from Prussia? It is quite true that there were genuine desires of this kind; for the moment, if they have not disappeared, they are at least in abeyance, and it is instructive to note why this is so. There seem to have been two reasons: the first is that the French, with a curious indiscretion, were so active in supporting projects for the establishment of a Rhineland Republic that all those more or less patriotic Germans who were in favour of this have withdrawn their support. It was seen that the separation of the Rhineland would be in fact not merely the destruction of Prussian hegemony, but a step towards destroying the unity of Germany and permanently subjecting it to French influence. The result is that both the Centre party and the Socialists have withdrawn the support which at that time they were inclined to give. The other reason is also due to the action of the Allies; it is quite clear that the very stringent financial terms which have been imposed upon Germany cannot be met unless the central authorities have complete control over the whole resources of the country. Now the privileges of the smaller States were to a very large extent financial; as is well known, the

Problems of Europe

constitutions of 1866 and 1871 left to these States very important sources of revenue, especially of direct taxation. As a result the Empire had to depend to a large extent on the contributions of the States. So long as this system continued there was an important place for the local administrations. Under the new constitution these privileges are taken away, and with them the smaller States, if they exist at all, become merely units of local government without any general political importance. The truth is that the Allies, some of whom started with ill-defined hopes that the defeat of the German army might bring about the dissolution of Germany, have so managed affairs that at this moment Germany is probably more firmly united than it ever has been before. It is congealed into a solid mass by external pressure, as particles of snow are in the same way compressed into a snowball.

The result of the Peace, then, so far as can be foreseen at this moment, is that Germany will be left with territory including all those parts which were purely and undoubtedly German, and will continue to have a larger population than any other national State in Europe. At the same time the power of the Central Government will apparently be increased, and such element of weakness as arose from the federal system will be eliminated. This is a situation which not unnaturally arouses serious apprehensions in France. The French look forward to a time when the present grouping of the Powers may have disappeared, and they may be left face to face as before with a Germany larger and more powerful than themselves. The danger might not mature for another generation, but we cannot be surprised if they dread the renewal of the attack from which on three occasions they have suffered so terribly. What security or protection have they? The securities they have are, first, military. The terms of the Peace require that the German army shall be permanently reduced to 100,000 men, and at the same time Germany has assented to the principle that no armed forces shall be kept

The Treaty with Germany

on the left bank of the Rhine or within a defined distance of the right bank. Moreover, for fifteen years some part of this district will be occupied by Allied forces. So long as these provisions can be enforced, they will clearly give to France the full security which she rightly demands. But will it be possible to make these provisions permanent? Can we expect that Germany, when she has recovered her internal strength, will not use every effort to free herself from restrictions of this nature? Can we believe that the world will permanently support a scheme which condemns Germany to an army of 100,000 while the neighbouring States, such as Poland and Czecho-Slovakia, are allowed an unlimited force?

The answer to this question is, we believe, to be found in the introductory sentences of the military terms: "In order to render possible the initiation of a general limitation of the armaments of all nations, Germany undertakes strictly to observe the military, naval and air clauses which follow." Ultimately it will be found that the permanent disarmament of Germany will only be possible if it is followed by a similar, though it may be voluntary, disarmament in other States. This, so far as can be gathered, is not the view which prevails in important circles in France. Military opinion there, and military opinion elsewhere, is naturally very critical of general professions of amendment and vague forecasts of an age of universal peace; it would prefer to depend on strong forces which may provide France with the allies which she requires. It appears to be on Poland that, above all, they would rest their hopes. And this is in accordance with the traditions of the French Foreign Office. For 300 years it has always been their object to find an ally with whom they might be associated in keeping within bounds the permanent danger which has arisen from Germany. Sometimes the ally has been found in the internal dissensions of Germany; Prussia has been used against Austria, and Austria against Prussia, or Bavaria against both. In the seventeenth

Problems of Europe

century Richelieu called in the Swede and the alliance with Poland itself was for 200 years a French tradition. And always there was Russia to fall back upon. But now Austria is gone, and the future of Russia no man can foresee; Sweden has given up her great military ambitions and, like the other Scandinavian States, seems intent only on disarmament; as we have already shown, the unifying work of Bismarck seems to have survived the war and the revolution, though the basis of the German state is now the will of the people, and not the fiat of authority. Disunion therefore cannot be used. What then remains but Poland? It is not surprising, therefore, that the predominant weight of French opinion desires to build up a strong Poland which may eventually, if necessary, be used as a sword against Germany. It is in accordance with this policy that French influence has during the last year been used in support of Polish claims—apparently in the belief that the strength of Poland will be in proportion to the amount of territory which it includes. It is also notorious that on many occasions British influence has been found opposed to this programme. Danzig, Upper Silesia, East Galicia, perhaps we may add White Russia and Lithuania—in the treatment of each of these questions we get the same difference of view. It has been represented that the statesmen of this country have been influenced by enmity to Poland. We should interpret the situation differently. Surely there is much to be said for the opinion that the strength of a country does not depend entirely upon the amount of territory which it includes, but is conditioned by its internal harmony. Would a Poland which rules over many millions of unwilling subjects really be a strong ally? And again, is it wise to encourage Poland to the annexation of districts which are regarded as Russian by all who are able to speak for that country, whether they belong to the old or the new *régime*? Is there any action which would more surely bring about that result which everyone wishes to avoid—an alliance between a restored Germany and a restored

The Treaty with Germany

Russia to overthrow the conditions of the present Peace ?

The true security of France seems to us to consist, not in the restoration of the old system of military competition, weighted though it may be against Germany, but in the frank acceptance of the diplomacy of goodwill, and not of force, and also of the principle of general disarmament, which may be all the more effective that it begins as the result of European pressure. It is noticeable that there is in the Scandinavian States already evidence of a strong desire for a radical reduction of military establishments.

It might be suggested that France will have all the security which she desires by the very fact that she becomes a member of the League of Nations, for Article 10 of the Covenant contains the following words: "The members of the League undertake to respect and preserve as against external aggression the territorial integrity and existing political independence of all members of the League. In case of any such aggression, or in case of any threat or danger of such aggression, the Council to advise upon the means by which this obligation shall be fulfilled." Now this certainly means that France, if confronted by an attack from Germany or the threat of an attack, will be able to appeal for protection to all the other forces of the world united in the League. If the League should become an effective organisation, with power of supervision over the armaments of its members, and also with a force at its disposal, the safety of France would then be assured. Will these two conditions be realised, and can France depend on them? There are certain points in the text of the Covenant which not unnaturally cause apprehension; in the first place there is no effective provision for the inspection of the armaments of the members of the League, and secondly there is nothing to provide that the League shall have a mobile force ready for use in an emergency. There appears to be nothing which would exclude in the future the possibility of another sudden and unprovoked attack upon France, in which France might be defeated before

Problems of Europe

the possibly cumbrous machinery of the League had been got into motion. It was to meet this that Great Britain and the United States entered into separate Treaties with France, which were signed at Versailles at the same time as the German Treaty, binding themselves "to support the French Government in the case of an unprovoked movement of aggression being made against France by Germany." The situation with regard to this Treaty at present is, however, very unsatisfactory. The obligation on the United States and on Great Britain is common; it does not come into effect for either unless the Treaty has been ratified by the other. Now the Senate of the United States have so far refused ratification, and all indications seem to be to the effect that they will continue to do so. In that case, as Mr. Lloyd George has already pointed out, the obligation of this country ceases, and France is left, as before, without any special protection except that from the League of Nations.

The Treaty with Germany has at least produced a solution which we believe may be a permanent one, of one great group of problems. Can we say the same of the other parts of Europe? Wherever we look we see uncertainty, disorder, dissatisfaction, and, for every problem which has been solved, two new ones arising. We can well understand the feeling of those who maintain that the settlement of Paris has only resulted in the sowing of the dragon's blood and foresee, armed men springing from the soil.

II. BELGIUM

IN the settlement of these problems was involved that of the future status and territory of Belgium. The two points were closely connected with one another. The highly artificial system established in 1839 had regarded Belgium from the point of view of the protection of Western Europe against any attempt to reassert French ascendancy.

Belgium

For this purpose the device of the guaranteed neutrality of Belgium had been invented. It must be remembered that in its original form this was supplemented by arrangements under which certain important strategic positions, especially Luxemburg and Maastricht, were to be garrisoned by Prussian troops, and, for this reason, these territories, to which Belgium had a strong claim, were not assigned to her. The Belgians represented that not only was her political status diminished by the enforced neutrality, but that also, for the sake of Europe as a whole, she was deprived of territory which would probably otherwise have belonged to her. Owing to the action of Germany in 1914 one of the objects with which the neutrality had been imposed had failed, and Belgium once more became the scene of a great European struggle. It was natural, therefore, that the Belgian Government should take the first opportunity of representing to the Congress of Paris that the whole system must be reviewed, and that any alteration of her status should be accompanied with a revision of the frontiers assigned to her in 1839. What she asked for, in fact, was first the Grand Duchy of Luxemburg, secondly that part of the Dutch province of Limburg which interposes between Belgium and Germany, and thirdly a strip of Dutch territory on the south of the river Scheldt. In addition she laid great stress on a revision of the arrangements for the navigation of the Scheldt. It was obvious at once that the two latter territorial points would be difficult to meet, for the claims of Belgium could only be granted at the expense of Holland, and there was no available compensation which might be offered to Holland for this surrender. There remained, therefore, only the Duchy of Luxemburg, and in the beginning of 1919 it appeared for a short time as though possibly the population might themselves desire, if not actually incorporation in Belgium, at least some kind of economic union. Any hopes that the Belgians may have based on this were, however, doomed to be disappointed,

Problems of Europe

and when, eventually, a plebiscite took place in June the result of it was a strong expression of opinion for economic orientation towards France.

The whole Belgian problem had been referred at Paris to a special commission of which M. Tardieu was chairman. The report of this commission has not been published, but we may note what action was eventually taken by the Conference itself. With regard to frontiers, Belgium received a slight addition of territory on her Eastern boundaries, the circles of Eupen and Malmedy, the latter of which includes a considerable French-speaking population. This territory is considerably larger than on the mere grounds of language could have been justified, but it is accompanied by a provision which, by the way, is very obscurely worded, giving the population the right to protest against this decision. We have here a kind of negative plebiscite; how it is to work is not quite obvious, and it is a matter of criticism, which was taken by the Germans, that the form in which the opinion is to be expressed is by the opponents entering their names in books to be kept by the Belgian Government for this purpose. We may anticipate, at any rate, that those who do take advantage of this provision will be such determined adherents of Germany that they do not shrink from the unfortunate consequences which might attach to an unsuccessful protest against their new masters.

So much for the territorial settlement. The other matters were eventually referred to a fresh commission, before which both Holland and Belgium could state their case, but this was not competent to deal with territorial questions. This committee has been sitting now for over six months, and has been chiefly occupied with matters of purely local interest; it is not apparent that any final conclusion has been arrived at. The most important point for Belgium, as for France, is the guarantee for the future.

The problem is a fundamental one. It is not unnatural that, in view of the events of the last years, Belgium should

Reconstruction of South-Eastern Europe

ask for some definite guarantee on which she can depend for the security of her territories. This was given by the old system of guaranteed neutrality. It is generally said that this system failed. Up to a point it did, in that it did not prevent the invasion and occupation of Belgium. Yet it is difficult to maintain that it has failed completely, for surely nothing arises more clearly out of the history of the last five years than that the very fact of the existence of this solemn guarantee has been a predominant factor in determining the issue of the war. However this may be, there is unanimous feeling among the Belgians that they do not desire and will not accept the former restrictions on their sovereignty, and in fact, as the discussions about Switzerland have shown, neutrality in the old sense is incompatible with membership of the League of Nations. Given that they are freed from this, is there any reason why Belgium should require any security beyond that which is enjoyed by other of the smaller States, such as Denmark and Holland? If words have any meaning, Article 10 is surely a pledge as strong as that contained in the older guarantee and one which is assured by a much larger number of States. The problem, therefore, seems to be whether Belgium has sufficient confidence in the effective existence of the League of Nations to trust her defence to it. The only alternative would be that, as was at one time suggested, she should be allowed to come in as an additional party to the special defensive Treaty between France, Great Britain and America.

III. THE RECONSTRUCTION OF SOUTH-EASTERN EUROPE

IT has for some months been obvious to students of foreign politics that the Treaty of Saint Germain with Austria and the Treaty presented for signature to Hungary are not likely of themselves to effect a permanent settlement in Central and South-Eastern Europe. They have rather

Problems of Europe

recognised the facts brought into being by the war, presenting Europe and the world generally—for no country, after the experiences of the Great War, can safely consider itself isolated from events in any part of the European continent—with a series of problems, potentially as dangerous as that from which grew the rivalry that led to the outbreak of the European war, but which they do little to solve.

The principal territorial and economic conditions laid down in the treaty may be recapitulated :—

In the first place the Dual Monarchy has been broken up into its constituent racial parts ; instead of one empire there are now four new independent states and in addition notable districts have fallen away to be joined to other neighbouring states—Poland, Roumania and Italy. Just because of the universal intermingling of the races in this area complete adherence to the principles of self-determination and racial division was not found possible. Thus, though, except in the case of the Tyrolese, political boundaries were made to coincide substantially with national majorities, a quarter of a million German Tyrolese have gone to Italy, nearly 1,200,000 Magyars and 600,000 Germans have gone to Roumania, half a million Magyars have gone to Slovakia, and three and a half million Germans to the Czechoslovakian State as a whole, nearly 300,000 Germans and a quarter of a million Magyars to Jugo-Slavia. The internal weakness of the new states which these statistics connote is one of the first perils confronting South-Eastern Europe.

The economic future is no less sombre. On the economic side the result of the peace may be summed up briefly with the remark that both Austria and Hungary have been saddled with a burden for reparation that in their present circumstances they are totally incapable of paying. In a financial and economic sense, if in no other, the Austrian and Magyar States have been left as a kind of bankrupt concern on the hands of the Great Powers, foremost

Reconstruction of South-Eastern Europe

among them this country. The problem is not only to ward off starvation and consequent anarchy, but to set the machine going again and to eliminate unemployment and its demoralising consequences, which if left untended may well mean the ruin of all the new States and the spread of social chaos northward and westward.

The foregoing facts notwithstanding, the advocates of the dismemberment of the Dual Monarchy are on the whole justified in contemplating the result with satisfaction. The attempt to unite the peoples of the old Empire in one political and economic system, in which German and Magyar had the predominance of power, had clearly failed, and there was no alternative left save to base the new settlement frankly on the national principle. They have, further, the right to congratulate themselves on their perception of the danger of the German *Drang nach Osten*. At the same time, it may fairly be questioned whether the advocates of disruption were not too much absorbed by purely racial and cultural facts and far too little preoccupied with economic and—for want of a better word—disciplinary forces. In all the well-known arguments, before and during the war, as to what constituted the cohesive forces of the Hapsburg monarchy—attachment to the dynasty, the Roman Catholic Church, the bureaucracy and the like—economic solidarity and common interests were scarcely ever mentioned. In particular, the historical mission of Vienna in the past and its position as traffic centre and economic clearing house in the present have been under-estimated.

This does not mean that the treaty stands condemned ; the charge that it has completed the "Balkanisation" of Central and South Eastern Europe is an idle one. The break-up of Austria-Hungary was an accomplished fact before the end of the war, and it is difficult to see what action subsequent to the spring of 1917, the date of Count Czernin's far-seeing memorandum to his Emperor, could ultimately have averted the catastrophe. So far as the

Problems of Europe

general territorial outlines of the peace, so far even as some of the economic conditions, are concerned, all that the treaties have done is merely to set their seal to a number of inevitable changes. No policy of reconstruction, therefore, will look back to the extent of regretting the past and attempting to resuscitate it. It will look forward and set its hand to the gigantic task of reconciling economic prosperity with political justice. For good or evil the national principle has triumphed, and its application, in general terms, to South-Eastern Europe, as elsewhere, will be regarded as unalterable by the practical political thinker.

There is, nevertheless, room for protest against the unrestricted extension of the doctrine. This concerns a preliminary objection advanced by those who will not admit the possibility of the reconstruction of South-Eastern Europe as an economic unit, or at least as a series of economic units bound together by politico-economic interests. These critics oppose the clause in the Treaty of Saint Germain which forbids the adhesion of Austria to Germany. Despite the signature of the treaty by Austria, and the present Vienna Government's undoubted intention of observing its clauses loyally, it is affirmed that the attachment of Austria to Germany is both inevitable and desirable. The fact is disregarded that, apart from the effect produced by a transitory impression of helplessness, the popularisation of the idea of the *Anschluss* was due to Socialist and *Gross-deutsch* propaganda. Had this propaganda succeeded, should it succeed in the future, not only would the treaty have been vastly complicated, with grave danger to the Austrian population, not only would Vienna be relegated to the mere position of a German frontier town, but a blow would have been struck at the integrity of both Switzerland and Czecho-Slovakia. The principle that linguistic frontiers must be political frontiers would have received strong support, and the absorption by force or otherwise by a greater Germany of the German-speaking Swiss and the German Bohemians—already not

Reconstruction of South-Eastern Europe

too well inclined to accept their new position—would have been only a matter of time. A mere glance at the map should suffice to show the desperate economic and strategic position of both the Swiss and the Czecho-Slovaks should a *Gross-Deutschland* arise. Even regarded as a choice between two evils it is surely better that Czecho-Slovakia should form part of an economic federation in which it will hold a leading position than that it should be compelled by hard geographical facts into a great empire where it would play but a comparatively insignificant part.

It may then, despite party agitations, be accepted as an axiomatic preliminary to the reconstruction of South-Eastern Europe that racial feeling must be abated so that racial frontiers shall not be political frontiers. In the present conditions it is even more necessary that political frontiers should not be economic. The desperate situation which exists in Austria—and to hardly less extent in Hungary—is due primarily to the fact that political antipathies have set up economic barriers. These must be broken down. The principle of free exchange between the States of the former Hapsburg monarchy must be made a practical reality, not from motives of charity, but from the recognition of the urgency of re-establishing stability and production. It will be said that all that has been done up to the present has been more in the nature of benevolent assistance than of sound business transaction. In the first six months of 1919, for example, Czecho-Slovakia exported to German-Austria goods to the value of 800,000,000 kronen, but received only 350,000,000 kronen in return. But these statistics alone show that close economic co-operation between the former States of the Dual Monarchy is possible once the question of exchange has been readjusted. A State must not be denied an opportunity of an independent existence because it is not self-sufficing in food and raw materials. That is a fallacy that has vitiated many a political argument during recent discussions on the Peace Treaties. It lies at the root of the objections that are made

Problems of Europe

to affording Austria the means of exploiting the industrial and administrative skill of her citizens, and no amount of racial antipathy should be allowed to justify this. From the point of view of both river and railway traffic Vienna occupies an unparalleled position ; it looks out over the East and the Balkans, and the East and the Balkan States in return look back to it. The Confederation of Europe might begin far less auspiciously than by crystallisation round this great historic city, on which lines from Paris and the West, Trieste, Prague, Belgrade and Budapest, all converge.

The moment is perhaps not very propitious to talk in any practical sense of a confederation of the Danubian peoples. Suspicion and resentment are still strong, and naturally so ; in the Catholic outlying provinces of Austria there is profound dislike of Socialistic Vienna, reciprocated by a hatred of a backward peasantry which refuses to part with its produce, and prefers to throw in its lot with either Switzerland, as in the case of Vorarlberg, or Germany, as in the case of Tyrol and Salzburg. In Hungary there is bitterness over the loss of rich provinces, there is a well-marked and genuine trend towards making the country a strongly conservative, monarchical peasant State. This brings with it political ideals in sharp opposition to those of Austria, latent territorial ambitions in the direction of Slovakia and Transylvania. Already political tendencies in Budapest have brought about a *rapprochement* between Vienna and Prague ; this, in its turn, may bring about a *rapprochement* between Budapest and Warsaw, with the danger of splitting South-Eastern Europe into two mutually exclusive camps, and opening up an era of perpetually fresh intrigues, and the maintenance of excessive armaments.

It is not yet widely enough realised that the form of government under which the various Danubian peoples prefer to live is a matter of indifference to the general interests of Europe so long as a curb is kept on aggressive tendencies ; there is not yet a sufficiently clear perception

Reconstruction of South-Eastern Europe

of the fact that the smooth working of the economic machine is the essential preliminary to political stabilisation, and not *vice versa*. The country that can most easily and most quickly and cheaply bring coal and raw materials to its factories, and keep all its citizens employed, is the country that will have least to fear from foreign penetration or domination. In this regard the countries of Europe are interdependent to a degree greater than at any time since the Industrial Revolution. As far as South-Eastern Europe is concerned, the questions of cheapness and rapidity may be considered almost entirely in terms of distance from sea-board. This fundamental fact must have a vital effect on the future of all the Danubian States; alone it should be enough to convince far-seeing Czecho-Slovakian politicians of the un wisdom of driving Austria into German arms, Hungarian politicians of the folly of perpetuating their antagonism to Jugo-Slavians and Roumanians. No one of the Danubian States can of itself hope to become a Switzerland; its geographical situation is immensely inferior, for Switzerland can draw supplies from the North Sea, from the Mediterranean, and from the Adriatic, and the likelihood of a war resulting in the closing of all three trade highways to the Confederation is, to say the least, extremely remote. Such would not be the case, however, with the highways leading to Prague or Budapest should a close economic co-operation between the States of the Danube basin not be attained.

For the moment the outlook is far from promising. The Austrian krone stands at over 500 to the £ sterling as compared with its par rate of 25. Its value to neighbouring States is thus practically worthless, and under the terms of the Reparation clauses, if for no other reason, Austria has practically no assets with which to raise her credit. The Hungarian exchange is in almost the same plight, while the credit of all the other States—so far as the great raw material exporting countries is concerned—is extremely unfavourable. The hopes of reconstruction in South-

Problems of Europe

Eastern Europe must be pinned to an increasing general realisation there of the force of the elementary principles here outlined, to the encouragement of their application by the Reparations Commission, to a perception on the part of the financiers and exporters of the Great Powers of the way in which their interests are bound up in the restoration of credit and production in the States of the former Dual Monarchy, and finally to the efficacy of the League of Nations. In the present unparalleled shortage of manufactured goods and of food, every loom, every engine-shop left idle, every wheat-field left untilled, is a loss to the world at large. That is the reason why co-operation must come, while the League of Nations, supported by public opinion, must see to it that no political injustice, no racial antipathy, delays its coming.

IV. THE ADRIATIC

THE Adriatic question represents in its essentials a conflict between ethnical claims and strategic guarantees. The Jugo-Slav case is ethnically unanswerable; the Italian case for strategic control over the Adriatic is far stronger than has perhaps been admitted in Anglo-Saxon quarters.

Jugo-Slav Case

The Jugo-Slavs based their case primarily upon their desire to unite within the new Jugo-Slav Kingdom all Southern Slavs who formerly were incorporated within the Austro-Hungarian Empire. Secondly their claim is based, especially as regards Fiume, on economic factors. They have gone a very considerable way to meet the Italians in recognising that both Trieste and Pola are necessary to Italy, and that the railway connecting these two places must also fall within Italian territory, although

The Adriatic

any frontier drawn so as to secure this will leave large masses of Jugo-Slavs under Italian domination. They were also prepared, though somewhat grudgingly, to admit the Italian claims in the counties of Gorizia and Gradisca, although such a concession would represent leaving upwards of 300,000 Slovenes under Italian domination. They were prepared even to go further, and to give Italy strategic control over the Adriatic by assigning to her one or two of the western islands of the Adriatic group. In return, however, for this conciliatory attitude, they insisted that the Italians should abandon their claim to the Port of Fiume, to the Northern portion of Dalmatia given them by the Treaty of London, and to the other islands accorded to Italy under that instrument.

Italian Case

The Italians, on the other hand, claimed that they had a right to base their case upon the Treaty of London. They stated that this Treaty represented the terms on which Italy had come into the war, and they continued to regard the Croats and the Slovenes as the enemy over whom the war had been won. In view, however, of the American attitude, they were prepared to abandon their claim to Dalmatia and to the majority of the islands enumerated in the Treaty of London in return for the cession to Italy of the Port of Fiume.

The Jugo-Slavs having practically accepted a compromise line in Gorizia, Gradisca and Istria, and the Italians having shown their readiness to abandon their claims to Dalmatia, the question really centred upon the disposal of Fiume. The Italians claimed that this city showed an Italian majority, that the desire of the people was for union with Italy, that the Jugo-Slavs could have access to the sea by other ports, such as Buccari and Segn, and that if they were given Fiume they would accord the Jugo-Slavs all economic rights of ingress and egress.

Problems of Europe

The Jugo-Slavs countered this argument by showing that the ethnical statistics of Fiume, as given by the Italians, were not accurate. It is true that if one took the figures for Fiume itself one got the following proportion :—

Italians	..	..	..	..	24,212
Jugo-Slavs	..	..	..	..	15,687
Italian majority					8,525

It is impossible, however, to separate Fiume from its suburb of Suchak, and if the figures for this latter portion of the town were added to the total the position was reversed, namely :—

Italians	..	..	..	..	25,781
Jugo-Slavs	..	..	..	..	26,602
=Slav majority of 821.					

In addition to this, the Jugo-Slavs contested that the Port of Fiume and the railway leading therefrom to Laibach was the essential economic artery of their new State, and that no alternative port could be constructed to take its place. Conversely, the Port of Fiume was of no value to Italy, and their desire to obtain it was merely due to a fear that it would compete with Trieste.

In general the Jugo-Slavs claimed to be treated not as enemies but as allies, appealed to the 14 points of President Wilson, and stated that if there were any doubt as to the justice of their claims, they would readily appeal to the decision of a plebiscite.

The Adriatic question, although it centred in Fiume, had other ramifications; it involved, incidentally, the status of Montenegro and the future of Albania. The Jugo-Slavs claimed that by the decision of the Podgoritzza Assembly (which had, incidentally, been secured under the most suspicious circumstances) the Montenegrin people

The Adriatic

had voted for union with Jugo-Slavia. They pointed out, with some justice, that this decision could only be confirmed by a Constituent Assembly held in the whole of Jugo-Slavia, and that such an Assembly could not meet until the frontiers of the State had been decided.

As regards Albania, the Jugo-Slavs wished to secure the port of Scutari and the Drin Valley as an additional economic outlet for their State. The Italians, expecting to have conferred upon them the Mandate for Albania, consistently supported the idea of a united Albania with at least the frontiers of 1913.

In discussing this complicated question, the French and British representatives laboured under the incubus of being bound by the Treaty of London. They had, therefore, to ask Italy for concessions instead of being able to offer her a reasonable settlement. The Jugo-Slavs, on the other hand, being a small country, were not represented on the Council of Four, and had, therefore, little voice in the decision of their own destiny. It is entirely to their credit that they accepted this decision with the patience that they manifested throughout the Conference. The Italian Government were themselves somewhat hampered by the excited state of Italian opinion, which had centred upon Fiume as the main compensation for their sufferings in the war. In this clash of interests the United States Government, and President Wilson in particular, alone retained a free hand. It thus was left to the President to endeavour to find a solution of the whole question.

It is not possible or necessary to follow the intricate negotiations, which moreover are still to a great extent secret, which took place during the course of 1919 between the President and the Italian representatives, punctuated by general discussions in the Supreme Council. Had the President been better advised, and had he been less diffident of his own position, it is possible that he could have induced the other three Powers to lay their cards upon the table and discuss the question in a frank spirit. As it was, the

Problems of Europe

Adriatic question suffered throughout the year through tentative procedure, general dilatoriness, and a certain furtiveness. The result was that the Italians were placed in a position of playing off one Power against the other. So long as Baron Sonnino represented Italy, any reasonable compromise appears to have been impossible, but the more conciliatory spirit introduced by M. Tittoni was clouded by two successive incidents of the most unfortunate nature. The first was the massacre of French soldiers at Fiume in July, the second D'Annunzio's raid upon the city itself. The impression made by both these incidents upon the Conference, and especially upon M. Clemenceau, was so bitter that it became almost impossible to touch the question until the atmosphere had cleared. It was thus only towards the end of November that any really sane attempt was made for a joint discussion of the Adriatic question. At the end of that month the British, French and American Delegations combined to review the position and to take up the question where it had been left by President Wilson's abortive attempts at a compromise. Their decisions were embodied in the memorandum of December 9 last, under which Fiume and a large area behind it was to be constituted a Free State under the League of Nations, the whole of Dalmatia, with the exception of Zara, was to go to the Jugo-Slavs, while Albania was, under specific guarantees, to be entrusted to the Mandate of Italy, who should also be given a few strategic islands in the Adriatic. This proposal, however, was refused by the Italian Government, and, on the arrival of Mr. Lloyd George in Paris in January last, a modified scheme whereby the greater part of the Free States, containing 150,000 Slavs, was included in Jugo-Slavia, which was also given control over a portion of Northern Albania, while Italy was given direct territorial access to the free city of Fiume.

This final arrangement, proposed after long negotiations both with the Italians and the Jugo-Slavs, was embodied in a note to the Jugo-Slavs from Great Britain and France

Thrace and Constantinople

which had all the character of an ultimatum, since it carried with it the threat that its non-acceptance would involve the return of the Treaty of London. In a reply, which was couched in dignified terms, the Jugo-Slavs asked for further time to consider their position, and their final decision has not yet been received.

It must be observed that this last arrangement, for which Mr. Lloyd George was largely responsible, was an attempt to settle, after endless delays, a dispute which was threatening to lead to a new outbreak of war. Whatever may be said for the proposal as between Italy and Jugo-Slavia, it involved proceeding without the concurrence of the United States, which had withdrawn its plenipotentiary from Paris in December, and the partition of Albania—the last a more than doubtful proceeding.

V. THRACE AND CONSTANTINOPLE

IN his memorandum to the Peace Conference, M. Venizelos claimed on ethnical grounds that Eastern and Western Thrace should be given to Greece. In Western (Bulgarian) Thrace he claimed all the territory south of the Arda. In Eastern (Turkish) Thrace he claimed the territory between the present Turko-Bulgarian frontier and the Enos-Midia line. The question of Constantinople he left untouched. He based his arguments on the following contentions :

Taking Eastern Thrace first, he contended that after some minor rectifications had been made in the northern frontier, the ethnical figures, as based on the Turkish statistics for 1910, would give 237,239 Greeks, 193,284 Turks, and 35,035 Bulgarians. For ethnical reasons, therefore, it seemed just to accord the whole of Eastern Thrace, within the line specified, to Greece. Turning to Western (Bulgarian) Thrace, he gave the following statistics :—Greeks 91,928, Turks 232,988, Bulgarians 35,003.

Problems of Europe

He argued, therefore, that if Eastern Thrace were, as was ethnically just, given to Greece, it would be impossible to give Western Thrace back to the Turks, who were in an actual numerical majority. It would be right, therefore, to give Western Thrace to the nationality coming next in order, namely, the Greeks, and such a solution was all the more indicated since it was necessary for the Greeks to have territorial connection between Greece proper and Eastern Thrace. M. Venizelos reinforced these arguments by producing petitions from the Turkish majority in Western Thrace, stating their desire to come under Greece, and by meeting the objection that the cession of Western Thrace would cut the Bulgarians from the Aegean Sea by undertaking to give to Bulgaria all possible guarantees in this respect.

The question was at first considered by the Greek Committee of the Conference, who, while approving M. Venizelos's claims in principle, pointed out that the future of Eastern—*i.e.*, of Turkish—Thrace must inevitably rest on the ultimate disposal of Constantinople. The future of Constantinople was, however, forbidden fruit to the Conference until such time as America had signified her intentions in the matter. The question of the two Thraces was, therefore, left in suspense until the approaching completion of the Bulgarian Treaty rendered it essential to come to some decision as regards Bulgarian Thrace. The question was then re-raised and debated with considerable asperity. The American representatives, who had originally been in favour of M. Venizelos's claims, changed their ground and strongly supported the Bulgarian contentions. They argued that the 1910 statistics produced by M. Venizelos were no longer valid, and that to cut Bulgaria from the Aegean would be to perpetuate internecine strife in the Balkans. The French and British representatives replied to this by pointing out that if the statistics had been altered since 1910, this was due to massacres and deportations which could scarcely be con-

Thrace and Constantinople

sidered valid arguments in self-determination, and that as regards Bulgaria's economic outlets, Bulgaria would come out of this war in a far better position owing to the extended internationalisation of the Danube, the opening of the Straits, and the very important concessions which M. Venizelos had himself offered on the Aegean seaboard.

Long argumentation produced no agreement, with the result that a compromise was arrived at which gave satisfaction to no one, and which will, if Greece is eventually given Eastern Thrace, leave her with an almost impossible frontier. It was decided that Bulgaria should cede to the Allied Powers the territory south of a line running along the Kartal Dag till it joins the Maritza, and that the territory thus ceded should be occupied as regards the western portion by the Greeks and as regards the eastern portion by the Allied armies. This compromise, however, is not likely to stand, for the United States, to whom it was principally due, have now withdrawn from the Conference.

It will now be for the Turkish Conference to decide the ultimate fate of Eastern Thrace and the disposal of Constantinople itself. At present two rival theories hold the field. The first is that the Turks should be forced to leave Constantinople, and that the city, with a strip of territory on both shores of the Straits, should be created a free State and its government entrusted to some body working under the League of Nations. The second, that the Turks should be allowed to remain in Constantinople, but with no territorial hinterland in Europe, and that the guardianship of the Straits should be entrusted to an international board on the analogy of the Danube Commission. The future alone can show which of these two theories will prove decisive.

REVOLUTION AND COUNTER REVOLUTION IN RUSSIA

THE end of the year 1919 witnessed the triumph of the Red Armies on every front. By the middle of November Yudenich's army had been hurled back from the outskirts of Petrograd and, after retiring across the Esthonian frontier, had been disbanded. A few weeks later Koltchak's forces, driven from Omsk, began melting away along the railway line between Omsk and Irkutsk, until by the end of the year both Army and Government had ceased to exist. Finally, towards the end of December Denikin's Volunteer Army, which during the summer had advanced to within 200 miles' distance from Moscow, had not only been driven from the greater part of the Ukraine, but had been ousted from the headquarters of its civil and military administration and compelled to withdraw to its original starting-point in the Kuban province by the Black Sea coast. Never had the prospects of the anti-Bolshevik forces been so black; never had the triumph of the Reds been more unmistakable. The game of backing a winner in the struggle, which had been so keenly entered into by public opinion outside Russia, had come to an end; whatever the merits of the struggle, it had been decided without any further room for doubt in favour of the Reds.

In June, 1919, when the fight between the Reds and the Whites was evenly matched, and when the Allied Governments had decided to give what material support they could to the latter, an article in *THE ROUND TABLE* gave a review of the political position behind the various fronts. At that

Revolution and Counter Revolution in Russia

time Bolshevism appeared to be on the wane in Central and South Eastern Europe, while in Russia herself there were signs of growing hostility to the Government in the territory controlled by the Soviet, together with a rapid increase in the strength of the anti-Bolshevist armies in the South and in Siberia. It was still hoped that the numerous forces, whether Russian or non-Russian, would combine in the struggle against Bolshevism and, after arranging their differences with one another, and accepting democracy as the basis of their policy, would succeed, with the full moral and material support of the Allies, in organising a united political and military front against the enemy. The same problem had been faced and solved by the Allies in the war against Germany, and had proved the only sound method of overcoming an enemy that enjoyed the geographical advantage of working on interior lines; the almost complete failure of the anti-Bolshevist forces to draw the obvious lessons from the war between the Great Powers was one of the main military causes of the triumph of the Red Army. The latter was able to concentrate in turn on each of the forces opposed to them in Siberia, on the Baltic and in the South, with the result that on each occasion the Red Army outnumbered its opponents and bore down all resistance in a series of rapid advances. At no time during the struggle could it be said that there existed a G.H.Q. of the anti-Bolshevik armies, whereas Moscow knew exactly what plan of campaign to adopt, and showed no hesitation in its execution.

Before considering the political situation in Russia to-day it is necessary to review the decline and fall of the anti-Bolshevist forces, and to examine the causes of their collapse. In doing so one cannot confine oneself to internal causes, though they certainly played a very important part in the disintegration of the Whites. The Russian problem has had so far-reaching an effect on Europe that external causes are of great importance, and Russians who attribute the failure of their cause to decisions taken in Paris have

Revolution and Counter Revolution in Russia

some right on their side as against those who wish to lay the blame entirely on the Russian forces themselves. For a proper understanding of the present position in Russia it may be better to deal first with the Russian question as it affected Europe, and secondly with the special difficulties that arose in the Baltic, in Siberia and in Southern Russia.

I. THE RUSSIAN QUESTION IN WESTERN EUROPE

NO question which came before the Peace Conference was so complicated by extraneous considerations as that of Russia. At no time in the course of the discussion was it possible to consider the question purely on its merits, and to lay down certain principles for a settlement of Russia in the same way as principles had been established for the solution of other European questions. There was a general consensus of opinion that representatives of the Soviet Government could not be summoned to Paris to confer with representatives of other countries on the same footing for the simple reason that no common ground could have been found, and that under such conditions no agreements could be regarded as binding. There was the same consensus of opinion that if the Whites could triumph over the Reds and set up an All-Russian Government the whole question would be enormously simplified, and direct negotiations about the future settlement of Eastern Europe could be conducted in the same way with Russian representatives as with those of other countries. In other words, there was more in common between Koltchak and the Peace Conference than between the Peace Conference and Lenin. Differences between Koltchak and the Peace Conference could have been bridged, whereas the differences with Lenin were too fundamental to make discussion profitable.

If this was the accepted opinion in Paris the natural conclusion would have been a determined effort on the part of

The Russian Question in Western Europe

the Allied Powers to replace the Bolsheviks by their Russian opponents. Here, however, other considerations came into play. In every country in Western Europe a considerable body of opinion had espoused the cause of the Bolsheviks against their opponents on the ground that the former represented Socialism and the latter reaction. No exposure of Bolshevik methods of tyranny and dictatorship could shake this opinion, which grew steadily throughout 1919 in proportion as the Allied Governments were associated with the anti-Bolshevik campaign. In course of time the Allied Governments found themselves in a vicious circle. Pressure of public opinion prevented them from lending the full support to the Whites which was necessary for their success, and when, owing to lack of proper support, the White cause began to decline, public opinion became more and more outspoken in its opinion that the Reds really represented Russia. Owing to the fact that Allied support of the Whites was half-hearted from the outset, and was accompanied from time to time by dark hints that a compromise with the Bolsheviks had never been pushed very far into the background, more and more Russians, believing that the anti-Bolshevik forces in Russia were not strong enough to overcome Bolshevism of themselves, began to throw in their lot with the Reds. Further, the entourage of Denikin and Koltchak came to be more and more regarded as representative of the *ancien régime*, and their success to threaten both the revolution and the ownership of the land of the peasant. Finally, the opinion gained ground in Russia that Denikin and Koltchak had become the mere instruments of Allied policy in Russia, that their policy was being dictated more in Paris than in Omsk, and that Russian policy must assert itself through some force that could not be dictated to from Paris.

This association of the Red Army with the cause of Russian nationalism was probably the decisive factor in the triumph of the Soviet regime as against Koltchak and Denikin. During 1918 it was certainly not widespread,

Revolution and Counter Revolution in Russia

though even in the summer of that year traces of it were to be found in Moscow, Petrograd and Kiev, but during the war and for some months after the Armistice there was still a blind faith in the Allies amongst the Russian masses. Englishmen who had been in Soviet Russia were both amazed at, and embarrassed by, this faith in their own country, and it is reasonable to believe that, had the Allies made the most of the belief in their loyalty to Russia during the early months of 1919, they could have achieved great things with much less effort than appeared to them to be necessary. This was the testimony of many competent observers of conditions in Russia, but it was not accepted as providing a strong enough basis for action, and those who opposed intervention insisted on regarding the Bolshevik movement as capable of rallying national feeling to its side against any foreign troops. Opinion in Western Europe paid little attention to the appeal that was being made in Russia to help in the overthrow of the Bolshevik dictators, and, as that appeal fell more and more on deaf ears, opinion in Russia hardened against any further half-hearted intervention from abroad. During the summer and autumn of 1919 the number of patriotic Russians who were opposed to any further intervention from outside grew steadily. They were weary of the Allied policy of compromise and insisted that we should either put our whole weight into the anti-Bolshevik movement or else leave them alone altogether. The failure of the Allied Governments to adopt either of these policies drove more and more Russians into the ranks of the Red Army or into some branch of the Soviet administration in the hope that at some future date salvation from Bolshevism might come from within.

There was a further reason for the hardening of opinion in Russia against the policy of the Allies. From the time of the Bolshevik Revolution in November, 1917, we had been faced with the problem of the Border States. In December, 1917, the Ukrainian Rada had nearly been

The Russian Question in Western Europe

recognised by the Allies, not because it was considered to represent a distinct Ukrainian nation, but because it seemed at first a bulwark against Bolshevism. The Ukrainian problem, however, solved itself at Brest Litovsk so far as the Allies were concerned, and the Ukrainian national movement never recovered its position in Western Europe from the time the Rada signed a separate peace with the Central Powers. Meanwhile, other border States thrust themselves on our attention. In the early months of 1918 an Estonian Delegation visited England and France. The Estonians were the victims both of the Bolsheviks and of the Germans, and their cause naturally met with the sympathy of the Allies, the British Government giving provisional recognition to the Estonian National Council as a *de facto* independent body on May 6, 1918. Later in the same year the Estonians were followed by the Letts, and on November 11, 1918, the same assurances of sympathy and support were given to them as had been given to the Estonians. Owing to differences between the Poles and the Lithuanians, the latter received a very belated form of recognition from the Allies on September 25, 1919.

After the Armistice the Baltic question soon became acute. We found it necessary to translate our assurances of sympathy into active help, and sufficient help was given to the Estonians to enable them to dislodge the Bolsheviks from Estonian territory. But after Estonia had been cleared both of the Bolsheviks and of the Germans, and after the Letts had in the course of many difficulties succeeded in establishing their own Government at Riga, Allied policy came to a standstill. The Baltic States were still at war with the Bolsheviks, but at the same time had no kind of understanding with the anti-Bolshevik Russians. The latter felt very bitter against these new States that had arisen from the ruins of Bolshevik Russia, and were slow to recognise the reality of Estonian and Lettish aspirations. They were confident that they could themselves overthrow

Revolution and Counter Revolution in Russia

the Bolsheviks without the help of the non-Russian nationalities, and were reluctant to abandon their claim to treat the Baltic States as part of Russia in the event of victory. It is true that the nationalities themselves were most uncompromising towards the Russians, and their representatives in Paris studiously refrained from all intercourse with the Russian Delegation. It is possible that if the Allies had really worked for it they might have negotiated an agreement between the Russians and the different national States. But no serious effort was made to reconcile the conflicting views, and those influences in Russia which were definitely hostile to the Allies fanned the suspicion between the Border States and the anti-Bolshevik armies on every occasion. The Bolsheviks themselves were not slow to make the most of our indefinite policy towards the Border States, and made frequent references in the Soviet Press to our actions in the Baltic and in the Caucasus, doubtless in the hope of driving many Russians into the ranks of the Red Army as providing the only force capable of winning back the old Russian frontiers and establishing the Great Russia of their dreams.

These two causes—the uncertain nature of our support of the anti-Bolshevik Russian forces and our support of the autonomy of the Border States—certainly contributed towards the rapid decline in the *morale* of the anti-Bolshevik forces in the latter part of the year. To anybody who followed closely the course of opinion in England and France throughout the decisive months of the struggle in 1919 it is clear that full moral support was never given to the anti-Bolshevik cause. On the contrary, a large section of opinion in this country was definitely hostile to it, and lost no opportunity of representing the efforts made by Koltchak and Denikin as being in the interest of reaction, or of justifying the Bolshevik regime.

The collapse of the anti-Bolshevik armies, however, was caused fundamentally by the growth of feeling inside Russia itself against foreign intervention of any kind and

The Failure in Siberia

against the counter revolution. Despite their successes through the assistance given them by the Allies, opinion seemed to have hardened throughout Russia during the latter part of the year in favour of the Communist party as standing for a free Russia, and for the fruits of the revolution, as against those who were against the revolution and were willing to accept foreign aid.

II. THE FAILURE IN SIBERIA

ADMIRAL Koltchak's regime in Siberia lasted for a little more than a year. The *coup d'état* which brought him into power took place at Omsk on the night of November 17, 1918; by the end of 1919 Koltchak was in retreat with the remnants of his army and his Government on the railway line between Krasnoyarsk and Irkutsk. His rule falls roughly into two periods. The first period extends from November, 1918, to the beginning of the Red offensive in the early part of May; the second period covers the whole of the great retreat from a line about forty miles distant from the Volga to Irkutsk. During the first period Koltchak met with considerable success. He outlined his policy of the middle course between reaction and Bolshevism, and pledged himself to the convocation of a Constituent Assembly when Bolshevism had been overthrown. He gained a large measure of support not only from the officers whom he relied upon in building up his new Siberian army, but also from the representatives of the Liberal political parties, the Co-operatives and the *Zemstvos*. The middle course he had chosen was a difficult one to steer, and required a firm but generous hand. Koltchak, from all accounts, was a broad-minded man, not personally ambitious, and anxious to combine all shades of opinion in the struggle against Bolshevism, but, as time went on, he showed himself quite incapable of putting down with a strong hand the intrigues that were fomented from

Revolution and Counter Revolution in Russia

one end of Siberia to the other. He was always hampered by the circumstances in which he came into power. His arrest of the Social Revolutionary leaders was never wholly forgiven, and amongst the Social Revolutionaries there was constant agitation against the Government. Much of this agitation was no doubt fomented by Bolshevik agents, but much of it was genuinely anti-Bolshevik, and could have been dealt with reasonably. Unfortunately, Koltchak was not always able to control the actions of his subordinates, and the circumstances in which much of the agitation against the Government was put down caused the indignation to spread to wider circles of the population. One of Koltchak's main difficulties was the enormous extent of territory he was called upon to administer and the slowness of communication between Omsk and Eastern Siberia. These difficulties were accentuated by the presence of numerous Allied troops and Allied policies, and the suspicion that some of the self-styled Atamans in Eastern Siberia were being encouraged to pursue a policy of their own which was not in accordance with the middle course laid down by Koltchak, but for which he and his Government had to bear the responsibility.

So long as all went well at the front the trouble in the rear did not appear menacing, but from the time the great retreat set in the discontent became more and more marked, and the efforts of the Omsk Government to cope with it more and more ineffective. Koltchak made attempts to stem the tide that was turning against him by the promise to convoke a Zemstvo Conference and to confer upon it considerable powers. Unfortunately, this promise only came when his army was in retreat, and before the Conference could meet Omsk had been lost to the Reds on November 15.

Meanwhile, in Vladivostok, where the opposition to the Government had been most outspoken, the so-called Democratic Bloc, chiefly consisting of Social Revolutionaries, with not a few Bolshevik sympathisers, rose in revolt

Conditions in Southern Russia

against the Government troops. The insurgents gained the support of General Gaida, the young Czech leader, and a pitched battle was fought in Vladivostok on November 17. General Rozanov, representing Koltchak's Government, gained the upper hand, and the revolt subsided. But the suppression of the revolt in Vladivostok did not mend matters. After the fall of Omsk Koltchak transferred the seat of government to Irkutsk, though he himself remained at the front. A new Government of a more moderate tendency was formed under Pepelaiev, but no sooner had it been formed than revolts broke out at Irkutsk. Koltchak himself and his Government have now disappeared as factors in the Siberian situation. His army has ceased to exist, and there is nothing to stop the advance of the Red Army west of Irkutsk. To the east of that town the remnants of the anti-Bolshevik forces under Semenov are engaged in desultory fighting with Social Revolutionaries. The only reliable troops left are the Czecho-Slovaks, who are endeavouring to remain neutral in the midst of the chaos and make their way out of Siberia with all speed, and the Japanese. It is clear that the only opposition the Bolsheviks have to face in Eastern Siberia are the Japanese, and it may be that they will call a halt at Irkutsk and leave events further east to develop as they may for the time being.

III. CONDITIONS IN SOUTHERN RUSSIA

GENERAL Denikin and the Volunteer Army were always looked upon as the one steadfast hope for the liberation of Russia from the Bolsheviks. Not only was Denikin himself much more of a leader than Koltchak, but his army was greatly superior, and he had received much greater material assistance from abroad. The Volunteer Army had held together during the dark months of 1918 when, in spite of their small numbers, they had refused to compromise either with the Bolsheviks or the Germans.

Revolution and Counter Revolution in Russia

It was considered that the Volunteer Army alone of the anti-Bolshevik forces had been built up on a firm foundation, and would not disintegrate from within. Those who had come into contact with the army during the summer and the autumn of 1919 were confident that Denikin would weather the new Bolshevik onset and at the right moment would counter-attack and drive back the enemy.

If the military position seemed promising, all was not well behind the front, either politically or economically, and the cause of Denikin's failure is to be sought in his own rear rather than in the strength of the Red Army. The population of Southern Russia had suffered under the Bolshevik occupation, and welcomed the Volunteer Army when it advanced during the summer, but great hopes were placed on Denikin, and people expected from him the impossible. The peasants not only expected that they would be left in undisputed possession of the land they had been encouraged to seize under the Bolsheviks, but that they would now obtain from Denikin the agricultural machinery and the other manufactured goods that they required. But time went on and neither of their expectations was fulfilled. The land question was left to the future Constituent Assembly to decide, and the suspicion grew up amongst them that Denikin's Government was acting in the interests of the landowners, and, if he should succeed, the land might again be handed back to its former owners. Bad as the Bolsheviks might have been, they had at any rate given them the land, and, were Denikin to succeed too quickly, the day of reprisals might come without their being able to resist. By a neutral attitude they might at any rate be able to postpone the day of reckoning.

It was the neutral attitude of the peasantry which proved one of Denikin's most serious difficulties. When finally his Government did attempt to grapple with the land question the result was a compromise that satisfied neither the landowners nor the peasants. Denikin decided that one-third of the harvest sown by the peasants was to be handed over

Conditions in Southern Russia

to the landowners, that meanwhile the peasants should remain in occupation of the land, but that at the end of two years the whole question should be reconsidered. The inadequacy of this measure was seized upon by Denikin's opponents, and bandits such as Petlura and Makhno roused the peasantry with the cry: "Denikin requires compensation for the land, but we give it to you free." Makhno's Green Guards, which proved such a thorn in Denikin's side when he had to meet the first attacks of the Red Army, were largely the result of the land question. Other causes played their part, such as the licence given by Makhno to murder all Jews and people in authority, but the suspicion that Denikin was in the hands of the landowners was probably the most dangerous weapon against him.

There were other causes for Denikin's failure apart from the land question. There was undoubtedly German influence at work in Denikin's rear. The uncompromising hostility of the Volunteer Army leaders to the Germans, together with the influence exerted by England, augured badly for Germany in the event of Denikin's success. The field was a fertile one for German intrigues. There were two ways in which Denikin's organisation could be undermined, first by encouraging separatist movements in the rear of the army, secondly by encouraging speculation and the disorganisation of transport.

The most troublesome separatist movement in Denikin's rear was that of the Kuban. The Kuban Rada was composed of political wire-pullers and local shopkeepers, and had very little in common with the Cossack population, which is the backbone of the Kuban province. While the Cossacks were at the front the Rada intrigued in the rear. There is evidence to show that not only were they plotting politically with the Hill Tribes in the Northern Caucasus against the Volunteer Army, but they were preventing supplies from being sent to the troops at the front and, by fixing arbitrary tariffs, were impeding the flow of exports from the interior.

Revolution and Counter Revolution in Russia

After holding his hand for many months, Denikin became convinced that the Rada had become a hotbed of treachery against the army, and decided to act. The Rada at Ekaterinodar was surrounded on November 18, and the leaders who were known to have plotted against the army were arrested, one of them, Kolobukhov, being hanged. For the time being this put an end to the intrigues, and stopped any further move in this direction in the Don province. But failure at the front makes it difficult to believe that a defeated army will have an easy time in a district where many have good reasons for bearing a grudge against it. If the leaders of the Volunteer Army had undoubted courage and military capacity they were lamentably deficient in political insight and wisdom.

The failure to solve the land question and local Nationalist intrigues probably played a large part in Denikin's failure, but there were other causes that contributed. The administration was never strong, and never able to cope with the growing difficulties of administering the territories liberated from the Bolsheviks. It was always too much of a military character, and those chosen for high positions were not men who inspired confidence. Denikin's programme was far from being reactionary, but, when carried out by his subordinates, its whole spirit was often entirely transformed. Apart from this, there were many glaring cases of corruption which interfered with trade and prevented the proper circulation of foreign goods which were so urgently required by the population.

IV. THE MUDDLE IN THE BALTIC

IN no part of the territory freed from the Bolsheviks was there greater confusion than in the Baltic States. Their relations with the Russians were never clearly defined. The Peace Conference aimed vaguely at bringing about an arrangement between them and Koltchak, but after the

The Muddle in the Baltic

exchange of notes with Koltchak no further action was taken. Further complications soon followed. The German troops, who, until the Armistice, had been in occupation of Esthonia, Latvia and Lithuania, were not removed after the Germans had been defeated. According to Paragraph 12 of the Armistice, "all German troops at present in territories which before the war formed part of Russia must return to within the frontiers of Germany as soon as the Allies shall think the moment suitable, having regard to the internal situation of these territories." At the time of the Armistice the Allies had formed no plan for supporting the Baltic States other than employing any troops that were on the spot to protect them against the Bolsheviks. It is unlikely that the German Government had any definite plan either, being mainly occupied with its own internal situation, which, during November and December, was very acute. This, however, was just the opportunity for men of the stamp of Von der Goltz, who had been forced to leave Finland, to attempt a new plan of campaign in the Baltic States while attention was concentrated elsewhere.

The growth of Von der Goltz's army in Courland was overlooked by the Peace Conference until it became a direct menace to the security of the three Baltic States. Von der Goltz attracted to his side a number of Russian adventurers under Colonel Bermont who were completely under German influence. Ultimata sent from Paris were ignored by Von der Goltz, and a conflict between the German-Russian troops and the Letts became inevitable. During the summer Von der Goltz had succeeded in overthrowing the Lettish Government, and had replaced it by one subservient to himself. It is true that on this occasion the Allies had intervened and had brought back the legal Lettish Government under Ulmanis to Riga on July 6. But Von der Goltz and his troops were quite undeterred by this failure, and during the next few months had concentrated at Mitzu in preparation for a further attack on Riga.

Revolution and Counter Revolution in Russia

On October 8 the German-Russian forces advanced to the outskirts of Riga, and for some days shelled the town. British ships assisted the Letts from the sea, but it was mainly due to the Lettish troops that the Germans were repulsed. They were gradually driven away from Riga and forced to evacuate Mitau. The Lithuanians, who had also been molested by the presence of German-Russian troops in their territory, joined the Letts, and the German retreat ended in a rout.

The Peace Conference, which had so far failed to find any solution, now intervened after the Letts had done the work. An Inter-Allied Commission was appointed to superintend the evacuation of the German troops and to put an end to further hostilities.

Meanwhile on the Esthonian front fresh complications between the Esthonians and the Russians had occurred. General Yudenich had attempted, during the summer, to organise a Russian force in Finland to attack Petrograd. While Mannerheim was in power there was a prospect of Finno-Russian co-operation against the Bolsheviks, but, with the fall of Mannerheim, those negotiations came to an end, and Yudenich transferred his headquarters to Reval. He was here joined by a small Russian force which had deserted from the Bolsheviks. After several weeks of organisation and negotiation with the Esthonians, Yudenich launched his attack on October 8. He advanced rapidly to within a few miles of Petrograd, but was there outnumbered by the Reds, who had brought up reinforcements from Moscow, and was gradually pushed back to the Esthonian frontier. The moral effect of the capture of Petrograd would have been very great, and Yudenich's army would undoubtedly have been swollen by desertions from the Reds. Von der Goltz's offensive in Courland, which came at the same time as Yudenich's advance, certainly embarrassed Yudenich by disconcerting the Esthonians, who, with one eye on the Germans all the time, were afraid to commit themselves against the Bolsheviks.

The Muddle in the Baltic

Since Yudenich's disappearance events in the Baltic have moved rapidly. The Bolsheviks immediately offered the Esthonians peace. The Esthonians were at first afraid to commit themselves until they had learnt the wishes of the Allies, but, when the latter informed them that it was for the Esthonians to act as they thought best, the negotiations with the Bolsheviks were resumed. After long discussion at Dorpat an armistice was concluded on January 3, 1920, and a satisfactory arrangement was made on the frontier question, the Esthonians receiving practically the whole of the territory they claimed on ethnographical grounds.

The other Baltic States had taken no direct part in the negotiations with the Bolsheviks, having merely sent representatives to watch the proceedings. The Letts were anxious to recover Lattgalia (the Western portion of the Government of Vitebsk), which was still occupied by the Red Army, and hesitated to discuss peace with the Bolsheviks until they had won back the whole extent of the territory they claimed. But it was clear that the agreement between the Esthonians and the Bolsheviks vitally affected the other States bordering on Russia, and, on the initiative of the Finns, a conference of the five States—Finland, Poland, Esthonia, Latvia and Lithuania—was held at Helsingfors at the beginning of January. No final decision was reached at this Conference owing to uncertainty about Allied policy. Each of the States concerned is anxiously watching the course of Allied policy towards the Soviet Government, and there is little doubt that they will all fall into line with that policy as soon as it is sufficiently clear for them to take action in accordance with it.

Revolution and Counter Revolution in Russia

V. THE PRESENT SITUATION

THE collapse of the anti-Bolshevik Russian forces and the unwillingness of the Baltic States to take any further action against the Soviet Government have diverted attention from the borders of Russia to Moscow. The Soviet Government has for many months past been practically cut off from the rest of the world, and information from Moscow and Petrograd has only trickled through from sources which have not been universally accepted as reliable. Out of the fog of uncertainty that during the last year has been growing thicker and thicker one thing is certain. The Soviet Government has not stood still. It is impossible to believe that its character has not changed very considerably since the Allied missions were withdrawn in September, 1918, and that on many points its purely Communist programme has been modified. It is known that Lenin has not been able to carry out his land policy owing to the opposition of the peasants, and that after many failures he has had to leave the peasants as virtual owners of the land they have seized. He has also been forced to employ so-called bourgeois specialists who are working in increasing numbers in the Soviet administration. He has offered concessions to foreign capitalists, which, if they mean anything, imply that Communism is now forced to compromise with Capitalism. Further, there are signs that in spite of official Communism the old bourgeoisie has only been destroyed to be replaced by a new bourgeoisie that has grown up on the spoils of robbery. In fact, we are not far wrong in assuming that Communism has failed and that the feeling in favour of private property has survived all attempts to extinguish it.

From all accounts that have reached the outside world there are two bodies of opinion in the ranks of the Soviet itself, and this difference of opinion in the Soviet has caused a similar difference of opinion abroad as to the best way to

The Present Situation

deal with the Soviet Government in the given circumstances. Those who believe that the chief tendency in Soviet Russia is towards peace and moderation advise the immediate conclusion of peace with the Soviet Government and the encouragement of trade relations between Russia and Europe. There are many capitalists who advocate this policy for their own selfish ends, quite regardless of the political consequences, but the majority of those who incline in this direction do so from very different motives. There is a widespread opinion abroad that Bolshevism in Russia draws its strength partly from the fact that it has been the victim of foreign aggression, and that by the continuance of the blockade we have provided it with a potent weapon for maintaining itself in power and resorting to extreme measures in self-defence, and partly from the fact that it has represented itself as fighting to preserve the fruits of the revolution against the reactionaries. It is argued that once the blockade is removed, all external aggression abandoned, and the military counter-revolutionary movements has collapsed, the Bolsheviks themselves will have no further argument to justify their tyranny. Then the Moderate party, which is said to be represented by Lenin, Krassin, Chicherin, Lunarcharsky and others, will be able to assert themselves against the firebrands who owe their influence to the support of the Extraordinary Commission. Once there is no further excuse for fighting the Red Army will melt away as did the Tsarist Army, and the Soviet Government will find it quite impossible to hold it together and use it for aggressive purposes. Those who argue in this way demand not only peace with Soviet Russia, but the recognition of the Soviet Government, and the assurance on our part that no further military attempts to overthrow the existing Government will be made by the Allies, provided that the Soviets on their part guarantee that they will leave the Border States alone, will cease their agitation in the East, and will engage to abandon all propaganda in those countries with whom they find themselves

Revolution and Counter Revolution in Russia

at peace. The assumption is that the Russian people, tired of five years' war and strife, will force the Bolsheviks, whether they like it or not, to put in their pockets their plans for world revolution, and to yield to the pressure of moderate opinion in Russia, and turn their attention mainly to peaceful and practical objects, if they are to remain in power.

Those who accept these arguments believe that the changes which have taken place in Russia have in reality brought about the destruction of Bolshevism in its original violent form as a system of government, that the Bolsheviks themselves recognise that Russian opinion is against their extreme courses, and that, if they are to preserve themselves and their system at all, they must accommodate themselves to that opinion. They admit that their policy is an experiment, but they refuse to believe that Russians can be so mad as not to take advantage of the opportunity now being offered to them to gain peace and a chance of prosperity for themselves, and to re-establish normal political and economic intercourse with other countries.

This view of the situation is strongly combated by others who do not believe that Bolshevism either can or will change its spots. The policy of concluding peace with the outside world is the official policy of the Soviet Government, which, presumably, expects to profit by it. Whatever differences there may be in the Soviet Government on certain points, there is no difference of opinion on the question of peace. Zinoviev, the dictator of Petrograd, who is one of the bulwarks of the notorious Extraordinary Commission, has been just as outspoken in favour of peace as Lenin. Nobody could accuse him of any inclination towards a more moderate policy or of any desire to see the reins of power slipping from his hands. It is fair to assume that the extreme party in the Soviet Government, whether they are right or wrong in their calculations, have no fears that the advent of peace will mean their own downfall.

The Present Situation

According to this view, even supposing that peace will bring dangers to the Soviet Government, it is reasonable to suppose that the Government itself has foreseen these dangers, and has long since laid its plans to meet them. The mainstay of the Government has been the Red Army. The formation of this army has been one of the main achievements of the Bolsheviks. It may not be a good army compared with other European armies, but it numbers more than 1,000,000, and it has scored a series of decisive victories over the other Russian armies that had foreign support. It is the one force upon which the Soviet Government can rely, and the disappearance of this force would mean the disappearance of the Government. It cannot be likely, therefore, that the Government will voluntarily disband their sole means of protection, unless, as is now openly hinted, the Bolshevik leaders are becoming frightened of the Frankenstein they have reared, and are anxious to disband it lest it devour them. The future of the Red Army has been exercising the minds of the People's Commissars for some time past, especially now that the question of peace has come to the fore. On December 10, 1919, at the Seventh Congress of the Soviets, Trotsky dealt with this very question in the following words :

The question of demobilisation is a very complicated one. We have already considered it in advance. This is justified by the change in our international position, which has been set forth at this Congress.

If we speak of concluding peace within the next few months, it will not be possible to call this a lasting peace. So long as class States remain, so long as powerful centres of imperialism remain in the Far East and America, we cannot exclude the possibility of the peace which we, perhaps, shall conclude in the near future, being again only a prolonged "respite" for us. So long as this is possible, we cannot consider disarmament, but only a change in the form of the armed forces of the State.

On January 15, in the Bolshevik wireless, the nature of the change referred to by Trotsky was further explained. The "Third Workmen's and Peasants' Army" is hence-

Revolution and Counter Revolution in Russia

forth to be known as the First Revolutionary Army of Labour. Its main work is to be the preparation of food-stuffs and fodder, the organisation of transport, principally by introducing compulsory commandeering of carts, the repair of agricultural machinery and agricultural work. Then follows the most instructive passage: "Discipline must remain as strict as it was at the front. The organisation of the army must be maintained with great strictness. Absence without leave must be punished with the greatest severity." It is curious that it should be the leaders of the proletarian revolution who should be the first to introduce conscription for labour purposes. If the Red Army does remain in existence it must be a constant source of danger to all Russia's neighbours, and it is not an unnatural suspicion that the peace, which Trotsky calls a "respite," is intended by the Bolsheviks as nothing more than an opportunity of strengthening their own organisation, which at a later date they may use for aggressive purposes in the name of the international proletariat.

As to which of these two views is correct time alone will show.

VI. THE NEW ALLIED POLICY

ON January 16 the Supreme Council in Paris enunciated a new policy towards Russia. It was decided to open up trade relations with Soviet Russia through the Co-operative Societies with their representatives in London and Paris. According to the official announcement this implied no change of attitude towards the Soviet Government. It was explained that one of the main considerations which influenced the decision was Europe's urgent need for grain. The surplus of grain which America can export to Europe is a gradually diminishing quantity. Moreover, if Europe is to rely solely upon imports from America, the excess of imports over exports will affect the European exchanges

The New Allied Policy

adversely and will make the situation intolerable in its effect on prices.

Before the war Russian exports were of vital importance to Europe. The export of grain alone amounted to nearly 9,000,000 tons, that of timber to something over 5,000,000 tons. Flax was another very important item, and the linen industries of Belfast and Dundee depended very largely on Russian supplies. It is reported on good authority that in various parts of Russia large stocks of these raw products have been stored and that, once the difficulties of transport could be solved, Europe might benefit very considerably by the resumption of economic relations with Soviet Russia. Not only would such relations help to reduce the cost of living in this country, but they would relieve the burden of supplying the Russian border States and would do more than anything else to give Poland the economic stability which she at present lacks.

On the other hand, it is contended that if once trade with the outside world is resumed, the Russian people will insist on peace both at home and abroad. At present they are short of raw materials for their factories, and the peasants have no inducement to work or even to return to their homes, because they can neither sell their crops nor buy the boots and clothes and lighting and other necessities which they require in return. Hence it is not so difficult for the Soviet authorities to recruit for the Red Army by promising food and excitement and loot for those that join it. Once, however, trade recommences, and the danger from foreign attack or internal reaction disappears, the Soviet monopoly will cease, and the people of Russia will insist on the restoration of normal conditions at home and normal relations abroad.

If it be granted that no stone should be left unturned in order to obtain Russian supplies for Europe, it is clear that some such policy as that now outlined by the Supreme Council is inevitable. It is not a clear-cut policy and there are many holes that can be picked in it. Like the previous

Revolution and Counter Revolution in Russia

policy of supporting the anti-Bolshevik Russian Governments without at the same time giving them full recognition, the present policy is a compromise. It is based on the assumption that the Soviet Government has not been able to interfere to any great extent with the organisation of the Co-operative Societies in Russia, and that the latter are more representative of the Russian masses than the Soviet Government. For this reason recognition of the Government has been withheld and the Co-operative Societies, backed by the promise of supplies from abroad, are to be left to work out what terms they can with the Soviet authorities.

If the Co-operatives succeed they will have provided the ideal solution of the Russian question, which has disturbed Europe for more than two years. But they will be dealing with men who are masters in political strategy, and their difficulties will be enormous. Lenin knows very well how to yield and how far to yield at the critical moment, but he has so far shown a rare judgment in sizing up a political situation and emerging from it with colours flying. Judging by past experience, one is forced to the conclusion that any compromise Lenin may make will be more to his advantage than it will be to the other side. Lenin may agree to have his hands forced in certain directions, as it is necessary for his regime to obtain certain supplies from abroad, but in the long run he will hardly deprive himself willingly of those forces upon which he has hitherto relied in order to impose his will at the decisive moment. The Co-operatives may indeed be allowed to play the chief part in the distribution of goods, but what will be Lenin's price for such a concession? It will scarcely be anything short of full recognition of his Government by the Allies, and with recognition other things will follow.

Conclusions

VII. CONCLUSIONS

IT is clear that ever since the Prinkipo proposal two views have been struggling for predominance about Russia. One was the view that in Bolshevism you had a movement, so autocratic, so demoralising, so potent in its effect on those with whom it came in contact, that it inevitably destroyed the existing order of society ; that the essence of this movement was world revolution ; that it could only exist on conquest and expansion, and that either it had to be crushed out by military means in its lair, or it would eventually conquer the world. As in the case of Prussian militarism, the motto of Bolshevism was world dominion or downfall. The other view did not dissent from the first about the nature of Bolshevism itself, but it regarded its hold on any people, including the Russians, as transient. It took the French revolution as an example of what was likely to happen. For a time the revolution would be dangerous, but ere long disillusionment would set in, the dreams and promises of paradise would not come to reality, and the mass of the people would insist once more on moderation and regard for the ordinary amenities of life and government. According to this view the greater danger would come from foreign intervention in favour of the representatives of the *ancien régime*, because, as was the case in France a century ago, this drove the national and patriotic forces to coalesce with the Terror, and enabled the revolutionary leaders to create a national army backed by national enthusiasm, which might become a real menace to the world.

There is no doubt that so far as the facts are concerned the latter view has proved correct. The revolution has triumphed in Russia, and has attached to itself the great bulk of the national feeling of Russia. Whether it would have collapsed or become moderate at an earlier date, if it

Revolution and Counter Revolution in Russia

had been left alone, or whether it could have been destroyed if the Allies had really attacked it, is a speculation which like all the other speculations as to what might have been in Russia, it is profitless to pursue. Whether, on the other hand, a new Napoleon is going to arise to lead not a revolutionary but a national army against Europe, the future alone will show. The probabilities are certainly against it, for, contrary to the earlier precedent, the Russian revolution arose out of several years of trench warfare, which must have cured every Russian soldier of the glamour of war against Western armies.

For the moment there is clearly only one thing to do, to try and bring about peace and normal conditions in Russia. It is not our business to dictate to the Russians as to how they should govern themselves, provided they respect the ordinary canons of international conduct. If Soviet Russia is prepared to make peace on fair terms with its neighbours, if it is prepared to refrain from active revolutionary propaganda in countries with which it is at peace, if it is prepared to reduce its armies to a figure which does not menace its neighbours, it is clearly time to make peace. We may not like the Soviet regime. Neither did we like the Tsar's regime. Very possibly the Russian people themselves will change it for something more democratic directly the condition of war is brought to a close. But the existing system of government has maintained itself in power for more than two years, it is clearly supported by the Russian people rather than the Koltchak-Denikin movement, and therefore, provided it behaves itself properly in its international relations, and abandons proscription and murder at home, there seems no reason for blockading 150,000,000 people, and perpetuating, apparently for ever, the state of war.

On the other hand, the re-opening of trade relations with Russia is vital. Before the war Russia supplied an immense quantity of foodstuffs and raw materials for Europe, and consumed great masses of manufactured goods in return.

Conclusions

Prices and economic conditions will never return to normal either in Russia or the West until the economic circulation of Europe is once more restored. Moreover, the most vital interest of the British Empire and of the Allies is that a new war should not be allowed to develop in Central Asia. No doubt we could deal with that problem as we dealt with the war itself. But it would be a drain on our resources and a drag on reconstruction. The best preventive is that Russia should become once more a normal member of the family of nations. There is certainly no sense in encouraging the continuance of war, which must mean the further upsetting of Asia, until we are certain that Russia in 1920 cannot be trusted, and that the peace offers of this people, after six years' foreign and civil strife, are no more than a blind for fresh war. It is probably the truth that all Europe, including Russia, is alike weary of aggressive nationalism and aggressive internationalism.

TANGIER

A STUDY IN INTERNATIONALISATION

The following article is contributed by a writer with first-hand knowledge of the situation in Tangier, and is printed as a study of the practical effects of international administration as distinguished from international responsibility.

THE origin of the anomalous situation of Tangier must be sought in a series of treaties. These treaties, and the protection their clauses afforded to Europeans and to European interests in Morocco, were necessitated by the state of fanaticism, insecurity and opposition to all progress existing in the Moorish Empire. The most important were the British Moroccan Treaty of 1856 and the Spanish Moroccan Treaty of 1861, for on them was based the system of "the Capitulations," which still to-day pertains in the Tangier zone of Morocco, and to a lesser extent in the French Protectorate and in the Spanish sphere of influence. In 1880 was signed the Convention of Madrid, which codified the regime of the "Capitulations" and extended the benefit that accrued from them to the subjects of all the Foreign Powers. Tangier, being the diplomatic capital of Morocco, was more especially affected. It was not, however, till about the year 1900 that European attention was seriously turned toward Morocco, and from 1901 onwards till 1912, when the Treaty of the French Protectorate was signed, there came into existence a series

Tangier

of "agreements," "accords" and "arrangements" regarding the Moorish Empire. Reference need only be made to such as affect Tangier directly.

The Growth of "Accords"

In 1904, as a result of the welcome Entente between England and France, an "accord" was signed between the Governments of those two Powers whereby the respective rôles of England in Egypt and France in Morocco were determined. England declared that she abandoned all political interests in Morocco, France made the same declaration as regards Egypt, and each Power mutually undertook to support the other's policy in Egypt and Morocco respectively. Article 7 of this "accord" stipulates that Great Britain and France shall mutually permit no fortifications to be erected on the north and north-west coasts of Morocco between Melilla on the Mediterranean and the mouth of the Sebou river, about 130 miles down the Atlantic coast—with the exception of such points on the Mediterranean coast as were actually in the possession of Spain—Ceuta and some of the smaller "Presidios." Although this treaty was at first confined to Great Britain and France, it was stipulated, in Art. 8, that the French Government should come to an arrangement with Spain on the Moroccan question. In October of the same year (1904) France and Spain came to terms on the subject of their respective spheres of influence, and an arrangement to this effect was signed. Article 9 of this Franco-Spanish agreement states: "The town of Tangier shall preserve the special character which it owes to the presence of the Diplomatic Corps and to its municipal and Public Health privileges." These "accords" of 1904 formed the origin of the splitting up of Morocco into spheres of influence.

In 1906 the Conference of Algeciras met, ostensibly summoned for the purpose of introducing reforms into

Tangier

Morocco. Its direct bearing upon the question of Tangier was small, except in that it added to the already existing "Capitulations" a fresh admixture of internationalisation. A foreign-officered police force, European intervention for the prevention of contraband of arms, the founding of an International "Banque d'Etat," the reform of taxation under European advice, the right of interference in the administration of the Custom Houses and of Public Works were envisaged by this Convention, which, useful in that it put a check to German pretensions in Morocco, did little to ameliorate the internal situation of the Shereefian Empire. At the most it was a provisional Convention, increasing the interventionary rights of Europe in the administration of Morocco and legalising what amounted almost to control on the part of the representatives of the Foreign Powers over practically the entire public services of the country. It was the putting of new wine into old skins. The tottering edifice of Morocco could not withstand the influx and a very few years later collapsed altogether. As a matter of fact, the provisions of the Convention of Algeciras, as circumstances eventually came about, hindered progress and prosperity in Morocco by enforcing complicated and unpractical limitations to the civilising efforts of the European Powers. The Treaty of Peace has, however, as far as enemy States are concerned, annulled its action, and no doubt negotiations between France and her allies will free her from its retarding restrictions and many of its almost useless and quite unnecessary limitations.

In 1911 the Franco-German agreement was signed, after a critical period that nearly led to war. The only clause in this agreement directly affecting Tangier was the undertaking by France that no commercial railway should be put up to tender before the Tangier-Fez line—a clause that has retarded all railway construction in the French Protectorate, where even nowadays in place of broad gauge lines there exist nothing more than narrow railways,

Tangier

constructed for military purposes, but now being used for commercial traffic.

In 1912 France signed with the Sultan Mulai Hafid the Treaty of the French Protectorate. Again Tangier is referred to only in one clause—namely, "The town of Tangier shall continue to guard its special character, which has been recognised, and which shall determine the form of its municipal organisation."

In the following November was signed the Franco-Spanish Agreement of that year (1912), defining the limits and extent of the French Protectorate and the Spanish sphere of influence, together with their form of government and administration. Article 6 recapitulates Clause 7 of the Franco-British Agreement, and Spain agrees to abide by the undertaking therein contained that no fortifications should be erected on the Moroccan coast between Melilla and the mouth of the Sebou river. Article 7 states: "The town of Tangier and its 'banlieue' shall be granted a special regime, which shall be decided upon later."

Such is the vague situation of Tangier as defined by treaty. It may be described rather as a negative than as a positive situation. The town and its zone fall in the sphere of influence neither of France nor of Spain, and its status is left indefinite and untouched pending a decision upon its ultimate fate.

The solution of the question has never been brought about. In 1913 a Commission, consisting of an Englishman, a Frenchman and a Spaniard, met at Madrid for the purpose of drawing up the International Statute of Tangier. The contents of this Statute have never been made public, and probably never will be, for it has since been recognised by those who have had the privilege of studying it that it was unpractical, impracticable and extravagant. So jealous were the Governments of the interested Powers to obtain satisfaction that the proposed administration came at last to resemble a tower of Babel, for the employees of

Tangier

Tangier's local government were to be chosen from the subjects of all the interested nations. Justice was to be administered by British, French, Spanish and German judges, at a price which the revenues of Tangier would be quite incapable of paying, and so throughout the entire proposal. This International Statute of 1913 is dead. It can never be revived in its existing form, though it may be referred to as a precedent. Its publication alongside of a statement of the revenues and resources of Tangier would be a death-blow to internationalisation as envisaged in Madrid in 1913. On the outbreak of hostilities in 1914 this International Statute was on the point of being signed. The war saved the situation. England and France were still prepared to sign, but Spain hesitated and refused. Whatever the reason, the International Statute remained unsigned and the war ran its course.

Powers of Diplomatic Agents

Tangier is the diplomatic capital of Morocco and the residence of the representatives of the Foreign Powers. The position of these representatives has been, and is, unique. It can be likened, only on a smaller scale, to that held at a certain period in the past by the Ambassadors at Constantinople, for both in Turkey and Morocco the regime of the "Capitulations" held good. These "Capitulations," by granting extra-territorial rights to the subjects of Foreign Powers in Moroccan territory, greatly added to the influence and prestige of the representatives of the Powers, who were not only charged with their diplomatic and Consular duties, but became also magistrates and judges in so far as the subjects of the Governments they represented were concerned. In a land where security of life and property was never fully assured, where misgovernment was rife and corruption universal, these extra-territorial rights were absolutely necessary. Without them

Tangier

neither the lives nor the properties of the European population would have been safe, either from the native tribesmen or even from the Makhzen (Moorish Government) authorities, who would not have hesitated to enrich themselves at the expense of the despised "Christian." One has only to look back upon the past history of Morocco to appreciate what would have been the conduct of the Sultans and their officials if the security of "Christians" had not been guaranteed by Treaty, and rigidly enforced. It can thus be readily perceived that every clause of every successive Treaty that has tended to ameliorate and secure the lives and properties of Europeans in Morocco has equally diminished the authority of the Sultan and added to the influence and power of one and all of the Foreign representatives. What the Sultan abandoned passed not entirely into the hands of a common or even collective authority, but largely into the individual administration of each separate representative, who alone had authority over the subjects of the Power he represented. Nor was this accumulated authority diminished by the system of the "Protection" of natives, which was introduced by the Convention of Madrid in 1880 to safeguard the interests of European merchants by placing their native agents to varying extents under the protection and jurisdiction of the foreign Governments. This "Protection" system, legitimate in its conception, became in a short time a scandalous abuse. It was used in the highest quarters for political intrigue and elsewhere for gain and extortion. "Protection" was openly bought and sold, even, it is regrettable to have to state, in European official circles, and the employees of many Consulates traded in this commodity. Its value can be appreciated, for it withdrew the "protected" native from the jurisdiction and the extortion of the native authorities, and gave him in return innumerable occasions for increasing his wealth at the expense of his less fortunate and unprotected brethren. For all these reasons the representatives of the Foreign Powers at Tangier, and to a less

Tangier

extent the Consuls in the coast towns, were not only the supreme authority over the subjects of their respective Governments, but became as well to all intents and purposes the Governors of a host of "protected" natives, whose liberty of action thus obtained, *vis-a-vis* to their own Sultan, led to every kind of abuse.

Nor were these the only powers that the foreign representatives at Tangier wielded. A succession of Sultans, perplexed and worried by repeated questions of public health, municipal hygiene, quarantine, restrictions of trade, licensing, etc., delegated to them from time to time certain administrative functions. In order to carry them on, the representatives formed themselves into a permanent commission known as the "Conseil Sanitaire," which still exists to-day. Their duties, emanating from the Sultan, were increased by the usurpation—often an entirely justifiable usurpation—of other rights, and in time they became the paramount authority on all questions that touched the welfare of the European, and largely of the native, population. The Makhzen (Moorish Government), represented by local native officials, naturally existed, but only as a parallel and diminished authority restricted, and in many cases directed, by the "Conseil Sanitaire" of the European representatives. The Makhzen's authority became, in fact, limited to its own subjects, and only to such of those as legally or illegally could not claim some form of European "Protection." The Moorish civil court, where Islamic law was in force, remained in name intact, but even there European influences—often official—were brought to bear. Between extraneous interference and innate corruption the Moorish civil court was iniquitous. As the work of the "Conseil Sanitaire" increased, an elected body, the "Commission d'Hygiene," was brought into being, to which were referred all such questions as the "Conseil Sanitaire" had not time, or considered beneath its dignity, to discuss, such as the cleaning of the streets, the lighting of the town, and such like. Its decisions were not final,

Tangier

and every matter had to be referred to the "Conseil Sanitaire" for confirmation. It quickly became the cockpit of international jealousy and strife.

The "Conseil Sanitaire," consisting of representatives of the Powers, is perhaps a unique institution. It is a conclave, responsible to no authority, unelected and sitting in secret. Its decisions are final; there is no appeal. It publishes no report of its actions, and furnishes no accounts. It is completely out of touch with the public, whose opinions it appears purposely to ignore. It promulgates edicts which are not always obeyed, for though it considers its decisions to be uncontrovertible and infallible, its executive powers are of the smallest. Its methods of enforcing its authority vary according to the laws of the country of each of its members, for it has no collective executive jurisdiction. For instance, to render British subjects amenable to a decision of the "Conseil Sanitaire," recourse often has to be made to a special "Order in Council" from the Privy Council in London—a practice the legality of which is also at times open to question, and has been successfully contested in other countries where similar procedure exists. Estimable as these diplomatic and consular authorities may be, it is permissible to ask whether the experiences of their careers are adequate for the administration of a town of fifty thousand inhabitants, and for judicial authority over its European subjects—for they act as judges in the Consular Courts. Their commercial experience is naturally extremely limited. No profound technical knowledge on the questions of public health, of hygiene, of police regulations, of labour, of taxation, and even of traffic control, can justifiably be expected, and yet for all these matters, and others of equal importance such as the public works, they are the responsible and ultimate authority. It is not unseldom the case that the representative of a Foreign Power, being himself unable or unwilling to take part in these deliberations, nominates to represent him on one or other of these Boards the latest joined youngster

Tangier

who has just passed his examination and entered the service.

Great as are the powers ceded by the Sultan to the "Conseil Sanitaire," the right of intervention in the affairs of Tangier by the foreign representatives is not restricted to this delegated authority. They form also part of other international commissions—the "Commission des valeurs douanières," the "Comité des Douanes," the "Comité spécial des Travaux Publics," etc., etc., all of which, it might be inferred, would require some technical knowledge and experience. These various and varied qualifications thrust upon a body of Diplomatic Agents and Consuls have given openings for many errors of commission and still more of omission. In the first place, the very composition of such a "Board," on which no two members are of the same nationality, precludes, in a town where international jealousies and friction are rife, the possibility of almost any unanimity, cohesion, or even goodwill. Not only does each member hail from a different country, but they are also one and all strangers to Morocco. The *raison d'être* of their appointment is not to ameliorate the situation of Tangier, but to further the interests of the country they represent, and often these two tasks are incompatible. Nor can they be expected to take a real interest in the welfare of a place which they often find uninteresting and unattractive, or of a people that as likely as not is unsympathetic to them. It is too much, moreover, to ask them to undertake a perpetual and ungrateful struggle against administrative anarchy, when every organisation with which they come in contact is defective. It is, in short, their misfortune rather than their fault that Tangier is to-day an example of bad government and callous indifference.

Tangier

The Moorish Government

Parallel to this "internationalisation" there exists the Moorish Government or Makhzen, whose functions are limited to jurisdiction over unprotected natives—and often, owing to European interference, not even to them—and whose sole judicial authority is in the Moslem law courts; and even here European influences make themselves felt. And yet this Moorish Government, with its "Representative of the Sultan," its "Pacha," its "Cadi," and its other officials, is the sole *legitimate authority*; for Tangier remains, and will always remain until its definite status is decided upon, part and parcel of the "old Morocco." Even here the administrative anarchy is complete. It could not be otherwise, for the native authorities have never received from the Sultan or from the Government of the French Protectorate the guidance necessary for the successful accomplishment of their difficult and much curtailed duties. There is no machinery yet existing by which the French Protectorate Government can sufficiently control the actions of the Tangier native authorities, and corruption and injustice are common both in the civil and criminal courts. The Sultan's Representative must be excepted. He is a gentleman of ability and integrity, and fills his difficult post with tact. His duties are diplomatic and not executive.

It has been shown how the intervention of the European Powers in the affairs of Morocco gradually gave rise to a system of internationalisation at Tangier, unrecognised, it is true, by statute, but none the less actual and effective. The situation thus created was anomalous. Each foreign representative, while retaining plenary jurisdiction under the particular laws of his country over the subjects of the Government he represented, had also his share in the direction of practically every branch of the administration of the Government to which he was accredited. The result was anarchy, for the first and foremost duty of each of these representatives was clearly to further the interests not of

Tangier

Tangier and its mixed population, but of the Government he served ; but in Tangier the interests of each Power seem to have been, and to be to-day, diametrically opposed both to the interests of all the other Powers and to those of Tangier itself. The anarchy that ensued will be more readily appreciated when it is remembered that every representative of every Power inherited, on taking up his post at Tangier, not only the legacy of intervention, but also the heritage of jealousy and suspicion that his predecessor, and their predecessors, had left behind them. There is not a foreign official building that is not infested with the microbe of "friction," and infested to such an extent that nothing less than purification by fire could efficiently eradicate it. This microbe permeates the whole official life at Tangier and spreads to unofficial circles. Alliances, ententes, and the maintenance of goodwill are often subordinated to petty questions of nothing but local importance. For years past the policy of the Governments of the Powers represented in Morocco has been to try to prevent any possible rival—and here all the world is a rival—from carrying out any work of any description that might even indirectly add to the prosperity, the health, or the happiness of Tangier's population. Every good and charitable act or intention was considered as "political propaganda," and every enterprise as an attempt to obtain an "illegal advantage." The result is Tangier as it exists to-day.

Justice and Public Health

There is no need to make a catalogue of Tangier's ills and injustices, but mention must be made of one or two points of the flagrant administrative anarchy existing there. Let us take justice first. The extra-territorial rights guaranteed by the regime of the "Capitulations" place the subjects of all the Foreign Powers under the jurisdiction of their own consular officers—the result of which is that there are a dozen consular courts administering—often badly and not always honestly—a dozen different codes of

Tangier

law. To the European resident—who has very little confidence in the judicial efficiency of his own consular court, and none at all in that of others—this multiple system of justice is particularly annoying and eminently unsatisfactory. It complicates his business, impedes progress and breeds ill-feeling. To the native it is a gross injustice. A complaint made by an European through his consulate against a Moor leads, as a rule, to the immediate arrest and imprisonment of the Moor, often to the payment of compensation to the complainant, and always of a fine—legal or illegal—to the native authorities. The trial—if there is one—is generally a farce, and it is often considered preferable by the judge to imprison an innocent Moor than to have a dispute with the consular authorities of the complaining European's nationality. If, on the contrary, a Moor has a complaint against an European, he must present himself at the consulate of the nationality of that European. He is told that he must take out a summons and prosecute under the particular code of law—out of the dozen recognised in Tangier—of the defendant. Often he is asked to lodge a fee as well. He does not know how to take out a summons, he dare not prosecute under a code of law of which he is naturally absolutely ignorant, he speaks no language but his own, and usually has not the money to pay a fee. He abandons his case in the impossibility of obtaining justice. In the native courts almost every verdict can be bought, and in their precincts almost any false document drawn up, whether it be a claim to the scanty belongings of widows and orphans, or the title deed to a Government property.

Let us turn for a moment to the question of hygiene and public health, with which, by delegation from the Sultan, the representatives of the Powers are collectively entrusted. There is no native hospital at Tangier. There are dispensaries—excellent in one case, but quite inadequate to the demand made upon them—and one or two rooms into which a few, a very few, sick natives are received—and

Tangier

that is all. There are no qualified doctors to visit the native sick unless those sick are of the richer classes and can pay the fees. The rest lie down and suffer—or die, as the case may be—uncomplaining, untended and unsympathised with. When last year Tangier was ravaged by the influenza four weeks elapsed before those responsible for the “public health”—that is to say, the representatives of the Powers, acting as the “Conseil Sanitaire”—held a meeting, and at that meeting they decided to do nothing.

Struggling to-day to eke out a bare existence, in surroundings of abject neglect and dirt—for such public moneys as are forthcoming are spent upon the official European quarter of the town—hampered by want of work, by high prices, and by the terrible shortage of water, the life of the poor Moslem of Tangier is pitiable. There is no officially organised charity to relieve native distress, no home for widows and orphans, no lunatic asylum—except the common prison—and no organisation of labour. No social legislation is undertaken. There is no limitation to the sale of the foulest of intoxicating liquors. Drinking and gambling hells and brothels, unlicensed, unsupervised and uncontrolled, open and close when and where they will. And yet there is little crime, for by nature the people—just as they are retiring and uncomplaining in their sufferings—are law-abiding and sober in their ordinary lives.

It is often argued that were Tangier to possess a “real” Statute of Internationalisation, all these ills would be remedied. It is possible but very improbable. It is difficult to see why after years of International callousness and indifference the legalisation of a Statute should persuade the leopard to change his spots. As long as political jealousies exist, as long as the aims and interests of the Powers represented in Tangier remain diametrically opposed, there can be little good government, nor as a matter of fact any government at all. Woe betide the people whose destiny is entrusted to a score of administrators different by nationality and indifferent by nature.

UNITED KINGDOM

I. THE FUTURE OF PARTIES

THE ROUND TABLE goes to press, in the early days of February, amid a heated discussion, alike on the platform and in the newspapers, of the future of political parties. A series of by-elections—that at Paisley is still undecided—have greatly reduced the majority of every Coalition candidate and gone decisively against the Liberal remnant who stand aloof from the Coalition. In all of them the Labour Party have made solid progress: in one case, that of Spen Valley, Labour has won the seat in a three-cornered fight. Meanwhile events in the House of Commons have exposed the growing incoherence of the Coalition wherever the new situation touches on ancient party controversies—as, for example, in the so-called Anti-dumping Bill, introduced before Christmas, to govern the resumption of trade with enemy countries. There are renewed signs of an attempt to consolidate the Coalition from within by creating from it a “Centre Party”; but its authors are still at variance about the purpose and composition of such a body. The Lord Chancellor describes the Coalition, of which he is a member, as “an invertebrate and undefined body” and regards the formation of a National Party as “indispensable.” Mr. Churchill describes the Labour Party as “still quite unfitted for the responsibility of government.” Lord Haldane, on the other hand, abandoning his old Liberalism, finds his

United Kingdom

"faith in the future of Labour growing deeper" and founds on it his hopes for to-morrow. Lord Salisbury, writing in the Press, seems to suggest a break-away in the direction of the old Conservatism; while his brother, Lord Robert Cecil, equally critical of the present Government, has set out his views on current problems in a volume of somewhat nebulous idealism which commits him to no particular line of cleavage. And the party newspapers, rushing to over-emphasise every symptom that suits their own attitude, have contrived to render the apparent confusion far greater than it really is.

The plain truth is that there is nothing in all that has happened so far to surprise any careful student of the House of Commons elected in December, 1918. The popular verdict on that occasion was overwhelming and was backed by excellent rough-and-ready reasoning. Partly because of his unquestioned services in the war and partly because he was the obvious indispensable pilot for the Peace and the reconstruction, the country returned Mr. Lloyd George to power by a majority which far exceeded every precedent in history. There was no need to seek an explanation in astute electoral management. The opponents of the Coalition at that time were admittedly overthrown in bulk because their leaders, whether Liberal or Labour, were suspect of half-heartedness about the war or of shortcomings in its conduct. Even the Coalition, never an attractive platform, were welcome because the common sense of the nation realised that no one party could hope of itself to carry out the immediate national programme.

But so great a triumph was always certain to produce its reaction. War services and war failures were never likely to be remembered long. Mr. Lloyd George's own unconcealed anxiety for a large majority may be attributed at least as much to his anticipation of its wastage as to any notion that it would form a comfortable support. In any case the inevitable wastage is taking place, and the amazing

The Future of Parties

thing is that the loss of votes by the Coalition at by-elections up to the present time should even be thought significant. The Spen Valley result of December 20, commonly described as a "portent," was in fact the most inevitable of them all. Here a strong local Labour man, Mr. Myers, was opposed by Sir John Simon, one of the ablest leaders of the non-Coalition Liberals, and by a Coalition Liberal in the person of Colonel Fairfax, whose services in the firing-line never counterbalanced his political inexperience. The result itself was hardly even in doubt. What is really in doubt, and may be disputed *ad infinitum*, is whether a Labour victory in a working-class constituency, based on little more than one-third of the votes polled, is sufficient to constitute a portent; whether Sir John Simon's middle place is to be regarded as a triumph over the Coalition or a rejection of "free Liberalism"; and whether Colonel Fairfax's position at the bottom of the poll was due to anything more far-reaching than a comparison of personalities, which are always more prominent in by-elections than in a general appeal to the country as a whole. Of the other half-dozen by-elections which have taken place during the last three months four seats—Croydon, Plymouth, St. Albans, and Bromley—have been retained by the Coalition with diminished majorities, while the other two—Thanet and Chester-le-Street—fell respectively, without opposition, to an independent candidate backed officially by the Unionists and to Labour—in each case repeating an unopposed election in December. The one outstanding contest among them all was in Plymouth, where Lady Astor succeeded in polling more votes than her Liberal and Labour opponents together, and thus became the first woman to take her seat in the House of Commons. In Plymouth, just as in Spen Valley, the result was a tribute, easily foreseen, to long years of local work and to the power of personality.

Beyond a certain inevitable wastage of the Coalition and a steady growth of the Labour vote, there is little room

United Kingdom

for generalisation here. The Prime Minister retains his position—always stronger in the country than the newspapers suggest—very largely because the forces which supported him last year have never been seriously weakened by any effective opposition. No one has yet emerged in the House of Commons with any pretensions as a formidable rival, and the general level of critical capacity is notoriously low. The hostile Press, which might have rendered incalculable service in this capacity, lies open to far more serious charges of precisely the same shortcomings which it denounces in Mr. Lloyd George. It is impossible to forget that the very voices which are arraigning him to-day for a policy of trading with Russia were urging the Allies a year ago to “sink their pride and get into communication with the Bolsheviki.” It is equally impossible to forget that his personal intervention in Labour disputes, which they now profess to regard as disastrous, was the direct result of a Press agitation in the self-same quarter, or that his opponents, clamouring for consistency in others, contrive in one breath to combine the most expensive form of foreign policy with an anti-waste, and especially an anti-militarist, campaign.

Mr. Lloyd George may well afford to ignore this type of criticism. Indeed, the one real value of its personal rancour against himself is that it may even redeem him from his worst fault of paying over-much attention to newspaper agitation. Half his troubles have come from sudden changes of course in response to what he believed to be genuine popular movements. The appalling pledges given at the General Election are the most conspicuous case in point, and they have hung round his neck like a millstone throughout the long negotiations in Paris. His position in this country was safe enough without them. He would have won universal respect, and quite sufficient support, if he had utterly refused to allow the great questions of the Peace—the German indemnity, the feeding of Europe, the future trade relations of the world—to be made

The Future of Parties

the sport, in advance of any serious discussion, of an electoral campaign in this country. Most of the pledges have in fact been whittled down by events, however closely fulfilled to the letter. In so far as they stand, they are still responsible for the worst features of the Treaty of Paris, which the men who exacted them are the first to denounce. If the Prime Minister has learnt by hard experience the futility, to put it at the lowest, of paying attention to the clamour of the moment, he may even yet emerge from the transition period without the gradual loss of a great reputation.

His immediate task as a political organiser—a rôle in which he has no rival—is to crystallise and define his still gigantic following. Broadly speaking, events in Great Britain point to a revival of the old two-party system, which in theory finds general support. As Labour tends more and more to attract to its ranks an element of the workers by brain as well as by hand, it gradually assumes the position on the Left, though by no means the principles, of the old Liberal Party. In opposition to it at present stands the Coalition—consisting of a majority of the old Liberals and practically the whole of the Unionist forces, by no means unsympathetic with Labour as such, but tending more and more to assume the position of the old Conservatives as the party of the Right. The fact that the Coalition is on the whole more hostile to the dissentient Liberals than to Labour, and that it contains an active element which would like to work with the moderate Labour leaders, can hardly affect the general tendency. The process towards a two-party system may conceivably be delayed by a temporary revival of the “wee free” Liberals under Mr. Asquith, whose candidature at Paisley is deliberately directed towards this object. His return to the House of Commons as an Opposition leader is advocated by numbers of people far outside his own political following, who dislike both the weakness of the present Parliamentary critics and the alternative of a Labour Government in the imme-

United Kingdom

diated future. But sooner or later—and probably sooner than later—practical questions will arise to define a single broad line of cleavage. Nationalisation of the mines, the railways, and the land is likely to be one of them. The project of a general levy on capital may be another. It is questions like these, and no mere abstract appeals for new parties, that will give fresh reality to the traditional system of Government and Opposition and carve out of the Coalition, and out of some of its critics as well, a coherent body of thought on urgent problems.

The new party of the Right may well find itself, at least in these domestic controversies, to be the lineal descendant, not of the Conservatives, but of the older Liberalism with its appeal to the love of freedom and its dislike of State control. Nothing could be less profound than the popular impression of the Coalition as dominated (because it has an actual majority of Conservative members) by a caucus of Tory reactionaries. While the whole political outlook has shifted far to the left in the last five years, it is the great bulk of the Conservatives who have moved farther from their old moorings than any other party. The Prime Minister's failure in forming his present Administration was not that he retained so many Unionists as such, but that he missed his one great chance of displacing the misfits and the tired men of every political complexion. His chief failure after another year in office (largely and necessarily spent by himself away from domestic politics) is that he has still left undefined, not merely the character of his following, but the principles round which he hopes to crystallise it. Principles are the foundation of parties, and the true criticism of Mr. Lloyd George's policies in general is that they seem calculated rather to satisfy the various elements of the Coalition in turn than to lay down a consistent course. Instead of driving his team straight down the road, he gives the impression of a coachman who oscillates from one ditch to the other, never quite risking a spill and contriving again and again to return to the centre,

The Future of Parties

but disquieting his passengers and making his journey more difficult than it need be.

If this method of domestic leadership is partly temperamental—the method of a highly impressionable man moving cautiously among new surroundings, guided in the main by sound instincts, but never quite sufficiently confident of his power to realise them—it must be recognised in fairness that it is also very largely the consequence of the dominating claims of foreign affairs ever since the Government was formed. The cry for a more constant attendance of the Prime Minister at Westminster is thoroughly justified. No deputy, however loyal and hard-working, can really fill his place. The difficulty, so far, has been that no man can be simultaneously both at Westminster and in Paris, and that Paris had for the time superior claims. But Mr. Lloyd George's return to the House of Commons, which is chiefly demanded by his political enemies, may have consequences which they have hardly foreseen. Before everything else he is a fighter in public life. He has made no real effort since the General Election to consolidate his position. Conscious of his enormous majority in Parliament, he has been content to meet the gathering storm of dissatisfaction with an occasional appearance to explain some particular point of controversy. If the new Session, which is just opening, finds him ready to resume his full Parliamentary leadership, with his mind made up about the course which he intends to follow in all the great fundamental problems that are coming to a head, then he may very rapidly transform the present transitional state of party politics.

United Kingdom

II. THE IRISH PROBLEM ONCE MORE

The Present Situation

THE Irish situation is perhaps to-day more difficult than it has ever been in its long and complicated history. Never, apparently, has Ireland been more deeply divided within itself, or more estranged from England, than it is now. On the one hand the whole of the South and West has gone over to Sinn Fein, and demands an Irish republic as the only possible solution of Anglo-Irish relations. Further, the Sinn Fein organisation, carrying practically all the seats in Southern and Western Ireland at the General Election of 1918, has set up an Irish Republican Parliament and regards itself as being at war with Great Britain, which refuses to allow the Republican Parliament to meet or function. At the same time the Irish Republican Brotherhood, the extreme wing of Sinn Fein, is carrying on the war by conducting a campaign of murder and assassination, principally directed against the Police and the Viceroy, a campaign which is rapidly undermining respect for law and order, and causing grave anxiety as to the future of Irish society. On the other hand the Protestant North is more determined than ever never to be brought under the rule of a majority which in recent years has shown itself to be under the control of the Roman Catholic hierarchy, and which was openly endeavouring to assist Germany in the great world war. The British Government, therefore, is left in the position of holding Southern Ireland down with one hand by force, because it cannot agree to secession, while endeavouring, with the other, to find compromises which might induce the contending factions to agree upon a settlement.

It is not proposed here to trace the history which has led up to this situation. For one reason, this

The Irish Problem Once More

history has often been recorded before in THE ROUND TABLE; for another, history is itself one of the bones of contention in Ireland. One man will tell you that the present Irish *impasse* is wholly due to Sir Edward Carson and the Covenant of 1913-14; another to the failure of Mr. Asquith's Government and the Nationalist Party to recognise the strength of Ulster opposition, and to make provision for it from the start; another to the weakness and ineptitude of the Nationalist Party; another to the malignant fatuity of Sinn Fein in precipitating the 1916 rebellion at the very moment when real reconciliation was beginning to take place. Another will tell you that it is due to the attempt of the present Government to impose conscription on Ireland in 1918; another will attribute it to the action of the Roman Catholic hierarchy in splitting the Nationalist vote in the Irish Convention.

We are on no firmer ground when we solicit opinions as to the practical solution. The old-fashioned Unionist will tell you that 20 years of firm but conciliatory government would have converted Ireland to the virtues of the Union, despite the steady testimony of a century of protest. The Irish Nationalist will similarly tell you that the Ulster opposition is a bluff, engineered by the unscrupulous few and supported from England, which would vanish if resolutely tackled, despite the fact that three Home Rule Bills and an Irish Convention have been wrecked on that opposition in thirty years. The Sinn Feiner will tell you that nothing can solve the problem save complete independence, reckless alike of the fact of Ulster and of the economic consequences of an English tariff against Irish goods. Then there are the Dominion Leaguers, who think that Ireland can immediately be made into a Canada, despite Ulster, and those who tell you that the root of the problem is religious, and that it is insoluble until Ireland is all Roman Catholic, or all Protestant, or all neutral.

To the mass of this welter of conflicting opinions let us add a few facts, though even facts, and especially electoral

United Kingdom

facts, have a curious way of dissolving in the moist Irish air. Here are the figures for the General Election of December, 1918.

Sinn Fein	..	..	..	..	..	73
Nationalists	..	..	..	..	..	7
Unionists	..	..	..	..	..	25

The recent municipal elections show a somewhat different story. The figures were as follows :—

	Ulster	Leinster	Munster	Connaught	Total
Unionist	.. 308	57	7	2	374
Sinn Fein	.. 114	206	207	44	571
Labour ..	.. 109	151	110	24	394
Nationalist	.. 94	69	60	15	238
Reformers	.. 5	62	37	4	108
Independents	.. 33	45	66	17	161
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	.. 663	590	487	106	1,846

The Government's Proposals

It is not the purpose of this article to attempt to diagnose the true fundamentals of the Irish situation, but rather to set forth clearly the diagnosis which the British Government has made of it and the remedy it proposes, in order to enable each reader to form a judgment for himself.

In this section, therefore, we will quote the essential portions of the Prime Minister's speech of December 22, 1919.

- ✓ There are (he said) two basic facts which lie at the foundation of any structure which you have to build up in Ireland. They are not pleasant ones, but they are still facts. The first is this, that three-quarters of the population of Ireland are not merely governed without their consent, but they manifest bitter hostility to the Government. It is no use seeking the reason; that is the fact. It is the one country in Europe—one must state these facts, however unpleasant they are—it is the one country in Europe, except Russia, where the classes who, elsewhere, are on the side of law and order are out of sympathy with the machinery of law and order. What makes

The Irish Problem Once More

this more serious is the fact that it is not due to material grievances. I remember when it used to be argued that if you could improve the social and economic conditions in Ireland, if you could get rid of agrarian troubles, if you improved the housing, if you created a peasant proprietary, if you built railways, if you constructed harbours, if you did everything that was possible in order to make Ireland as prosperous as the conditions would allow, all this objection to British rule would vanish. What has happened? Ireland has never been as prosperous as she is to-day. Scores of millions—I am not sure I could not say hundreds of millions—have been expended lavishly by the British taxpayer upon making Ireland contented and happy. The vast majority of the cultivators of Ireland are the possessors of their own soil. You have houses built—comfortable cottages for workmen—at the expense of the British taxpayer. A man who travelled through Ireland a generation ago and revisited that country would not know it to-day. It is completely transformed and transfigured. But the fact remains that Ireland has never been so alienated from British rule as she is to-day. Therefore the grievance, such as it is, is not a material one. Irishmen claim the right to control their own domestic concerns without interference from Englishmen, Scotsmen, or Welshmen. That is a fundamental fact. They fought for it for hundreds of years, and they never held that view more tenaciously than they do to-day.

Now what is the second fact? It is also a fundamental fact that you have a considerable section of the people of Ireland who are just as opposed to Irish rule as the majority of Irishmen are to British rule. Both those facts must be taken into account. The first is, perhaps, disagreeable to one body of Members of the House, and the second disagreeable, perhaps, to another body of Members of the House. It is not our business to seek for facts agreeable to anybody, but to seek for the facts, whether they are agreeable or not. In the north-east of Ireland we have a population—a fairly solid population, a homogeneous population—alien in race, alien in sympathy, alien in religion, alien in tradition, alien in outlook, from the rest of the population of Ireland, and it would be an outrage on the principle of self-government to place them under the rule of the remainder of the population. In the north-east of Ireland, if that were done, you would inevitably alienate the best elements from the machinery of law and order. I do not say you would produce the same result, but it would recreate exactly the same position which we have tried to eliminate in the south. This is an important point. It has been challenged on such a scale, the case for it has been so little stated outside the United Kingdom, that I think it vital that I should dwell for a short time upon it this evening. It is not because I attach less importance to it than I do to the first proposition. It is because the first proposition is accepted outside, in the

United Kingdom

Dominions, in the United States of America, in European countries ; the second has not been stated, and it is not known. I shall state it, not in my own words, but in two quotations from witnesses who certainly are not biased in favour of the north-eastern part of Ireland. The first is a quotation from a very remarkable letter written in June, 1916—quite recently—by Father O’Flanagan, a very able Irish Catholic priest, who, I believe, afterwards became Vice-President of Sinn Féin. I do not know whether he holds that position still. No one can doubt, at any rate, that he is in sympathy with the Nationalist claim in Ireland. This is what he said upon this particular subject :—

“ If we reject Home Rule rather than agree to the exclusion of the Unionist part of Ulster, what case have we to put before the world ? We can point out that Ireland is an island with a definite geographical boundary. That argument might be all right if we were appealing to a number of island nationalities that had themselves definite geographical boundaries. Appealing, as we are, to continental nations with shifting boundaries, that argument will have no force whatever. National and geographical boundaries scarcely ever coincide. Geography would make one nation of Spain and Portugal, history has made two of them. Geography did its best to make one nation of Norway and Sweden, history has succeeded in making two of them. Geography has scarcely anything to say to the number of nations upon the North American continent, history has done the whole thing. If a man were to try and construct a political map of Europe out of its physical map, he would find himself groping in the dark—”

“ Geography has worked hard to make one nation out of Ireland, history has worked against it. The island of Ireland and the national unit of Ireland simply do not coincide. In the last analysis the test of nationality is the wish of the people. A man who settles in America becomes an American by transferring his love and allegiance to the United States. The Unionists of Ulster have never transferred their love and allegiance to Ireland. They may be Irishmen, using a geographical term, but they are not Irishmen in the national sense. They love the hills of Antrim in the same way as we love the plains of Roscommon, but the centre of their patriotic enthusiasm is London, whereas the centre of ours is Dublin. We claim the right to decide what is to be our nation. We refuse them the same right. We are putting ourselves before the world in the same light as the man in the Gospel who was forgiven the ten thousand talents and who proceeded immediately to throttle his neighbour for one hundred pence. After three hundred years, England has begun to despair of compelling us to love her by force, and so we are anxious to start where England left off, and we are going to compel Antrim and Down to love us by force.”

The Irish Problem Once More

After giving another quotation of a similar character Mr. Lloyd George went on to say :—

These two quotations state the case which I have many a time attempted to put from this box in favour of the separate treatment of Ulster. If they unite, they must do it of their own accord. To force union is to promote disunion. There may be advantages in union, I do not deny it. The geographical conditions are such as to make it desirable. There is an advantage in mingling races and religions so as to contribute varied ideas, so as to have a different outlook, and there is undoubtedly an advantage in having the industrial and the agricultural working side by side in the same Parliament. But that is a matter for those populations, and no one else, to decide.

The third fundamental condition is this, that any arrangement by which Ireland is severed from the United Kingdom, either nominally or in substance and in fact, would be fatal to the interests of both. You have only got to look at what happened in the late war to realise what would happen. If Ireland had been a separate unit with a separate Parliament, a hostile republic there, or even an unfriendly one, might very well have been fatal to the cause of the Allies. The submarine trouble was bad enough, in all conscience, to overcome. There were many moments that were full of anxiety, not from fear, because those who were dealing with it were men of great courage, but because they knew the difficulties. But if we had had there a land over whose harbours and inlets we had no control, you might have had a situation full of peril, a situation that might very well have jeopardised the life of this country. The area of submarine activity might have been extended beyond the limits of control, and Britain and her Allies might have been cut off from the Dominions and from the United States of America. We cannot possibly run the risk of a possibility such as that. And it would be equally fatal to the interests of Ireland. Irish trade would decline, for Irish trade interests are intertwined with those of Great Britain. Britain is Ireland's best customer. It would be fatal to Irish interests as well, and if Great Britain, with all its infinite resources, cannot govern a hostile Ireland, I do not see how Ireland could control a hostile north-east, with a great population of the same race, religion and interests across a narrow channel. There would be trouble, there would be mischief. There might be bloodshed, and then the whole black chapter of misunderstanding between Great Britain and Ireland would be rewritten over again. We cannot enter upon that course, whatever the cost. I think it is right to say here, in the face of the demands which have been put forward from Ireland, with apparent authority, that any attempt at secession will be fought

United Kingdom

with the same determination, with the same resources, with the same resolve as the Northern States of America put into the fight against the Southern States. It is important that that should be known not merely throughout the world, but in Ireland itself.

After thus stating the fundamental elements of the problem, Mr. Lloyd George drew three conclusions from it in the following words :

Subject to those three conditions, we propose that self-government should be conferred upon the whole of Ireland, and our plan is based on the recognition of those three fundamental facts. First the impossibility of severing Ireland from the United Kingdom ; second, the opposition of Nationalist Ireland to British rule in Ireland ; and third, the opposition of North-East Ulster to Irish rule. The first involves the recognition that Ireland must remain an integral part of the United Kingdom. The second involves the conferring of self-government on Ireland in all its domestic concerns. The third involves the setting up of two Parliaments, and not one, in Ireland.

It is not necessary to summarise the proposals in great detail, for the issue of the moment is not so much whether these proposals can or cannot be amended in matters of comparative detail so as to make them more acceptable to Ireland, or more workable, but whether or not they provide the basis upon which an approach to the settlement of the Irish question can be made.

Broadly, the proposals of the Government are that North Ireland and South Ireland, the one containing an overwhelming Roman Catholic majority, the other an overwhelming Protestant majority, should each be given state rights ; that is to say, that they should enjoy about the same powers as an American state, and rather more powers than a Canadian province. At the same time the Parliament of the United Kingdom should act as the Federal Parliament for federal purposes, such as foreign affairs, army and navy, tariffs, treason, navigation, coinage, etc., and should be attended by 42 representatives of Ireland, the number proposed under the Home Rule Act of 1914.

The Irish Problem Once More

The area of the two provinces was not finally fixed, but the Prime Minister inclined either to including the six counties of the 1916 agreement, or the whole province, as the area of Northern Ireland.

The Government scheme, however, differs from that of the ordinary federal constitution in that it recognises the bringing about the union of the two Irish provinces at the earliest possible moment. It therefore constitutes a Council of Ireland, consisting of 20 representatives elected from each Parliament, empowered to consider Irish problems and make recommendations about them, and also to exercise any powers which may be jointly conferred upon it by the two legislatures. In so far, therefore, as there are certain services, such as transportation, agriculture and so forth, which it is very desirable should be exercised by an all-Ireland authority, it will be possible for the two Parliaments to agree to conduct these services jointly for the whole of Ireland through the medium of the Council of Ireland. The scheme further confers constituent powers on the two Irish Legislatures, whereby they can, without further reference to the United Kingdom Legislature, constitute an all-Irish Parliament exercising all or any of the powers which they possess. Should a majority of Irishmen in each province, therefore, desire Irish unity, it will be possible for them even at the first election to give a mandate to their representatives to create an all-Ireland Legislature exercising "state rights" within the United Kingdom.

There remains the all-important question of finance. The Government proposal is based on the principle that Ireland must pay towards Imperial Services, that is to say, war debt, war pensions of Irish soldiers, and expenditure on the Army, Navy and Foreign Office, in proportion to its taxable capacity, all revenues derived from Ireland over and above that quota being left to the disposal of the Irish legislatures themselves. The responsibility for deciding upon the relative taxable capacity of Great Britain and

United Kingdom

Ireland is to be entrusted to a Joint Exchequer Board, consisting of two Irish Treasury representatives, and two British representatives, presided over by an independent Chairman. For the first two years, however, while this Board is making its investigation, the Irish contribution is to be fixed on the basis of the actual contribution made in the current year. Finally, in order to give the Irish Legislatures some margin of revenue whereby they should be enabled either to remit taxation or to embark upon a programme of development, Irish land under the Land Purchase Acts is to be handed over by Great Britain to Ireland, which will thereby be given a revenue of three millions a year over and above the actual cost of Irish Government on the date of the passage of the Bill. All Irish taxes are to be handed over to Ireland, except income tax, customs and excise, which are to be levied and collected Imperially as security for the Irish payment of its share of Imperial services. The whole surplus of these taxes, however, after payment of this contribution will be handed over to the Irish Legislatures, which will have the power to raise or remit income tax in Ireland itself. Finally, a grant of £1,000,000 is to be given to each Irish Legislature towards the initial cost of setting up its government.

The Reception in Ireland

Such are the proposals of the Government for dealing with the present situation. We do not propose to criticise them in detail. Indeed it is impossible to do so until the Bill is actually made public. Further, as already explained, the real issue at this moment is not whether the present constitutes a good Home Rule Act, but whether or not it will solve the Irish problem. There is no question that the present Act is a more liberal and a better devised Act than that of 1914. The 1914 Act was unworkable in its financial clauses, and made no provision to meet the Ulster difficulty. But the situation of 1920 is very different from

The Irish Problem Once More

that of 1914, and what might have been acclaimed by all sides at the other date is liable to be rejected with contumely to-day.

So far as can be judged, Irish opinion in regard to the proposals outlined in the Prime Minister's speech may be summarised as follows. There is a strong feeling in Ireland that the new Home Rule Bill will never be carried into law at all, because it is welcomed by no section of Irish opinion, while it is violently opposed by some, and because the Government will find that it is unable to proceed to put it into force. Sinn Fein Ireland stoutly maintains its demand for an Irish republic, but is not so united as it seems. Probably a majority would work any scheme which really settled the question. Of the Sinn Fein party itself, the moderates would be willing to accept Dominion status for Ireland within the Empire, but the extreme section, which will accept nothing less than complete independence, are hard at work redoubling their campaign of crime in the hope of wrecking any settlement altogether. Opinion in Ulster seems to be consolidating into a reluctant acceptance of the Bill, not because they like it—their desire being to remain where they are, under the Government of Westminster—but because they foresee that it is the only way of putting an end to the menace which has hung over them ever since 1886. If they reject the present Bill it is merely a question of time for a Government to come into power in England which will once more endeavour to force Ulster to accept Dublin Rule in some form or other. The Ulstermen seem to think that if they accept Home Rule for Ulster now that possibility is definitely ruled out of sight, for it is clear that no British Government will ever attempt to obliterate the autonomy of Ulster except at the deliberate request of the majority of its people.

Speaking broadly, therefore, the situation on present evidence would point to the acceptance of the scheme by Ulster, to its contumelious rejection by the South, and, in the event of an election being held in the South, of

United Kingdom

the return once more of a solid Southern Legislature all of whose members will refuse to take the oath of allegiance, and will stand for an Irish republic. What is to happen then nobody in authority has been bold enough to prophesy.

A Few Reflections

The real contest in Ireland is one between extremism and common sense. However we may criticise the detail of the Government's proposals, there can be little question that they are squarely founded on a recognition of the more permanent as opposed to the ephemeral elements in the Irish situation. Irish nationalism has persisted for centuries. Protestant Orangeism has been indestructible since the Reformation. The necessity for the strategic unity of the United Kingdom has been recognised by every British Government since the days of Henry II. and has never been more obvious than it is to-day, when Britain is not an isolated nation but the centre of a commonwealth of nations. Therefore the fundamental basis of the scheme seems to be sound.

Further, the scheme seems to be just. It confers upon Ireland the full control of its own affairs. No Irishman will any longer be under the rule of Britain in domestic matters. Irishmen are compelled to pay their share of federal burdens, but that share is to be determined in accordance with their capacity to pay. Ireland, it is true, is to start divided into two provinces. But every federation is so divided, and Ireland is certainly divided in head and heart. The only unity she has to-day is that imposed upon her by Great Britain. If British rule were to be withdrawn to-morrow, Ireland would inevitably fall apart of her own accord. Any plan for self-government must, therefore, it would seem, be based upon recognition of this fact.

Finally, the scheme is not rigid. If the Irish people want unity they can have it from the start. At the first election,

The Irish Problem Once More

or at any stage thereafter, they can decide to confer powers on the Council of Ireland which will make it a common authority for the whole of Ireland, or they can decide to constitute a single Parliament for the whole country both without any reference to Great Britain. The question of Irish unity therefore, as well as the form of its own "state" government, is to rest entirely with the Irish people themselves.

Therefore, the contest would seem to be between extremism and good will. The new scheme may not be the last word, but it is at least a sincere and honest attempt to meet the difficulties in a spirit of moderation and compromise. The responsibility now rests upon those who reject it to propose—not their own pet solution, for that leads nowhere—but something better than the Government Bill, upon which the contending elements can reasonably be expected to unite. A continuance of the policy of extremism must in any case be fatal. The preaching of hatred, suspicion, murder and lawlessness, as the alternative to a sincere attempt to recognise other people's difficulties and to make other people recognise one's own, can only lead Ireland into the abyss. We have seen the condition to which nationalist passions and political irreconcilability have led Europe. Ireland has endured no such sufferings as those of Poland or Central Europe in the past five years. But unless violence of opinion and action ceases, they will lead inevitably to the same end. Reason, common sense, goodwill, fair play and a readiness to recognise and understand the sincerity of England's attitude, are the only alternative to ruin and the only road to peace.

It is no less important that England should endeavour to be sympathetic and understanding towards Irish aspirations. The Irish *impasse* is largely due to the failure of the Irishman to understand the Englishman, and *vice versa*. Ireland does not understand the massive imperturbable grasp of principle which has enabled England to build up the greatest confederation of free peoples that the world

United Kingdom

has ever seen. The Englishman is bewildered by the golden dreams and leaden memories which haunt the Irish character. So the one bruises and the other hates. And we have the pathetic spectacle of the Anglo-Saxon peoples, whose unity and co-operation is so essential to the peace and progress and liberalising of the world, struggling blindly towards a better understanding, while Irishmen everywhere are using their unique gifts of intelligence and oratory and political organisation and propaganda to create suspicion and to separate and estrange. What a difference it would make if those gifts were turned the other way—to softening and adapting and brightening the free civilisation of the Anglo-Saxon world, and explaining it to the backward millions of the earth!

We trust, therefore, that the spirit of reconciliation and appeasement which is now at work trying to heal the wounds and passions of the great war will find work to do in Anglo-Irish relations also. The basis lies before us in the present proposals. If England is willing to withdraw from Irish domestic affairs altogether, if Ulster is willing to accept autonomy, but also to take a hand immediately in the constitution of a real Irish Council for the conduct of common Irish affairs, if Sinn Fein Ireland is willing to accept state rights and its fair share of federal obligations, there is a basis from which both Irish unity and Anglo-Irish understanding can be gradually but surely evolved. It involves a sacrifice of opinion and aspiration on every side. But the benefit both to Ireland and to England—to say nothing of the Empire and the world—which would follow reconciliation must surely make it worth while.

London. February, 1920.

INDIA

I. FOREIGN AFFAIRS

THE Afridis, the most powerful of all the tribes on the North-West Frontier, have remained fairly quiet. No one can prophesy how long they will so remain. But the misbehaviour of the Mahsuds and the Wazirs, which was noticed in the December number, has since culminated in open hostilities. These tribes comprise the North Waziris inhabiting the Tochi Valley and surrounding mountains, the Mahsuds to the south of the Tochi, and the South Waziris in the Wana Valley. Their country lies within the belt bounded by the "Durand Line" or Afghan frontier on the west, and by the districts of Bannu and Dera Ismail Khan on the east. While interfering as little as possible with the independence of these tribes, the Government of India has been obliged for obvious reasons to maintain posts garrisoned by local militia within certain "protected" areas in their territory, notably in the Upper Tochi and at Wana. In view of this partial occupation and of undertakings on their part not to raid other friendly tribes or British territory, the Waziris and Mahsuds have been for many years in receipt of liberal subsidies, and have invariably been treated with the utmost consideration. They present a problem which is among the most difficult of those which confront the Indian administration. Fine fighting men, full of fire and dash, but undisciplined and almost incredibly untrustworthy,

India

they are formidable adversaries. They can put into the field some 30,000 warriors, of whom about 75 per cent. are now armed with modern weapons of precision. The sterile nature of the country forces them to a life of pillage, and the army, which might seem to offer a natural outlet for their energies, is closed to them by their unreliability. They are fanatical Muslims, easily excited to hostility against us by any manipulation of the local religious leaders.

When operations against Afghanistan in May compelled the withdrawal of our military outposts from the upper Tochi and Wana, the Mahsuds and North Wazirs invaded our territory and burnt villages. Throughout June and July, all sections of the Mahsuds and Wazirs continued actively hostile, looting mail vans, cutting telegraph lines, and continually sniping our posts. August saw even greater activity, which manifested itself in attacks on our posts by powerful forces. Although peace was signed with the Afghans on the 8th, the Mahsuds and Wazirs continued their raids throughout the rest of the month into September. Insecurity of life and property in the Bannu and Dera Ismail Khan districts finally became such as to make the position intolerable, and by the beginning of October it was clear that punitive measures could not be avoided. The measure of success which the tribesmen had secured tended to embolden them. In order to win security for our harassed border, it was decided to summon tribal meetings of the Wazirs and Mahsuds and to demand reparation for the damage they had done. We announced at the same time our intention of making roads and locating troops in certain parts of their territory. They were informed that if they refused to accept our terms, they would, after being given time to remove their women and children, be subjected to an intensive bombardment from the air. They refused our terms, and the aerial bombardment began. As they still proved recalcitrant, a column advanced as far as Data Khel against the Tochi Wazirs, who promptly accepted our terms. Our troops

Foreign Affairs

were then transferred south, with their operation base at Jandola. On December 18 we commenced our advance, which was accompanied by heavy fighting and considerable casualties on both sides. The tribes played into our hands by putting up their stoutest resistance at points comparatively close to our base. We fought steadily on to Mandanna Kach and there consolidated our position. By this time the tribes seemed tired of the game. Fighting continued up to and including December 22, and the tribes entirely failed to stop our advance. A tribal *jirgab* was held, in which the leaders of the Mahsuds and Wazirs professed, at least, to accept our terms, now enhanced by the declaration of our intention to advance still further into tribal territory. We have since advanced to Kot Kai, and have consolidated our position there. Opposition, due to two irreconcilable leaders, is still encountered.

One feature of the campaign which deserves attention is the fact that only Indian troops have been employed. The relative inexperience in mountain warfare of officers and men account to some extent for the heaviness of the casualties among British officers. But these casualties, which were considerably exaggerated by the error of a telegraphic Press message, are not in any way greater than might have been expected in a frontier campaign of such difficulty. The losses suffered by the enemy, due not only to aeroplane co-operation and to high explosives, but also to the obstinacy of their resistance, have been wholly unprecedented. That the Mahsuds and Wazirs hoped for Afghan help is unquestioned, and explains in no small degree their defiant attitude. This help they have not received, and the tribal view of the matter is well expressed in a parable related by one Mahsud Malik to a British political officer. "There was once," he said, "a gad-fly who asked for shelter through the winter in the home of an ant. This was granted to him. When the spring came, the gad-fly, after thanking his host, took his departure, and promptly stung a bullock standing near by. The bullock

India

thereupon rushed about, seriously menacing the home of the ant. The ant protested, but the gad-fly replied calmly that he was quite unable to control the bullock." The chief explained that the tribesmen were the ant, the Amir of Afghanistan the gad-fly, and the British Government the bullock.

With Afghanistan we have been at peace since August, but whether that peace will endure beyond the period of six months fixed for "probation" is still uncertain. From reports in the public Press it would seem that the Bolsheviks are straining every nerve to use the Amir as a pawn in their game. With the collapse of Denikin's army the menace has drawn closer to our borders, and at the moment of writing must be regarded as serious. It is neither expedient nor desirable to say more at present; but the threat of Bolshevik attack upon India is far from being idle. No thoughtful person in India can ignore it.

The criticism levelled by some portions of the British Press against the Indian Army administration in connection with the recent operations, has not been endorsed out here. On the contrary, Indian newspapers, greatly critical of the Administration, and particularly of the military system, have expressed their opinion that the campaign was skilfully conducted, as is evidenced by its short duration; and that the medical arrangements were satisfactory. But this is not to say that all is well with the military organisation of India. It is generally believed that the system and equipment of the army is in many respects out of date and unsatisfactory. The Esher Committee, which is now sitting, has found plenty to occupy it. The two greatest difficulties seem to be, first, the over-centralisation which at present exists (the effect of this is to render the obtaining of a quick decision on any point, no matter how important, most difficult, whatever the issues may be); and, second, the financial position of India. The expenditure now requisite for a modern army is very great, and it has been found difficult to raise the money, even when the

Amritsar

army estimates are nearly half the total budget, for the provision of modern equipment.

II. AMRITSAR

DURING the last quarter, vocal public opinion, both of the extreme nationalist and the moderate parties, has concentrated itself upon the recent Punjab disturbances almost to the exclusion of other topics. The sittings of Lord Hunter's Committee of Enquiry have attracted great attention. The evidence of most of the witnesses has been reproduced in full, very often with the most sensational sub-editing. The general effect of much of the evidence reproduced in the Indian Press has hitherto been to give prominence to the Indian point of view. Official witnesses who came to give evidence were subjected to severe cross-examination by the non-official members of the Committee; the framing of the questions in some cases suggesting, so it has been complained, that those examined were regarded rather as prisoners on their defence than as honest persons endeavouring to assist in the enlightenment of the public. On the other hand, Mr. Gandhi and non-official witnesses were far from having an easy time at the hands of the Commissioners, and the charges of invidiousness, which have made their appearance in the various sections of the Press, cannot be sustained.

Mention was made in the last number of *THE ROUND TABLE* of the non-official committee of enquiry appointed by the Congress. Of this the moving spirits were Pandits Madan Mohan Malaviya and Moti Lal Nehru, together with Mr. C. R. Das, a well-known Calcutta lawyer. The members of the non-official committee toured in the Punjab collecting evidence, and, according to the Press of the extreme nationalist party, had prepared materials for a formidable indictment of the actions of Government officials. But when the Hunter Committee came to sit

India

in the Punjab, the members of the non-official committee refused to appear before them. The reason assigned for this was that certain persons already confined in jail were not permitted by the Punjab Government to be present while the official witnesses were giving evidence. The reply given to this complaint was that the men under detention in jail had already been sentenced by duly authorised tribunals, and that until their sentences were upset or modified, they could not very well be regarded as entitled to the privileges of persons under trial. Although they were offered every reasonable facility for giving evidence, they did not accept it, and the Congress committee refused to be placated. Their abstention has been regarded in some quarters as an admission that the position taken up in Council by Pandit Madan Mohan Malaviya, which amounted to a charge that the Punjab administration had lost its head and treated mere local riots as a widespread rebellion, could not be sustained in its entirety.

The sessions of the Hunter Committee at Amritsar provided the occasion for the most sensational evidence hitherto tendered. It was in Amritsar that the heaviest death-roll had occurred. We may recall that on April 10, as a result of the arrest and deportation of two Indian leaders who had taken a prominent part in the anti-Rowlatt Act agitation, and were considered by the local Government to be exciting the passions of the populace, a mob attempted to cross from the city to the European quarter, and being turned back by force, wreaked frightful vengeance upon every European it was able to seize, besides looting banks and damaging Government property. Two days later Brigadier-General Dyer assumed military command of the Amritsar area, and on the 12th marched through the city, the temper of which appeared to him still dangerous. On April 13 all public meetings were proscribed by beat of drum. According to the General's statement, that same afternoon he received news of a meeting which was being held, in defiance of his orders, in a large open space

Amritsar

surrounded by buildings, named the Jalwalian Bagh. In view of the widespread nature of the disturbances which had already occurred in different parts of the Punjab, and the particularly dangerous form, as evidenced by the murder of five Englishmen and the cutting of communications, they had assumed in Amritsar, General Dyer decided that instant and drastic action could alone check the spread of bloodshed and disorder. Collecting all his available striking force, which was under one hundred in numbers, he marched to the scene of the meeting, and instantly opened fire upon the crowd of several thousands which he found there assembled. He continued firing until his ammunition was exhausted, inflicting casualties roughly estimated at from five hundred to a thousand killed and wounded. The latest official figures, which every care has been taken to verify, is 379 killed ; but this number is doubled or trebled in popular estimation.

The drastic nature of this action, and the tremendous moral effect it produced in India, have not only removed the whole of the Amritsar happenings out of their proper perspective as part of the general series of Punjab disturbance, but have also elevated the Jalwalian Bagh shooting to the level of an international incident. On the one side it is maintained that General Dyer's firmness alone prevented the disorders spreading until they assumed the proportions of a second Indian mutiny. On the other, it is asserted that the shooting is sheer cold-blooded frightfulness of the worst German variety. There is every reason to believe and to fear that in India the difference in standpoint is becoming racial. From the point of view of the whole British Commonwealth, it is probably just as well that certain British newspapers and certain British public men have hastily expressed a condemnation of General Dyer's action. This has encouraged Indians in the belief that the Jalwalian Bagh affair will be subjected to the severest scrutiny ; but it should be remembered that any such condemnation cannot at the moment be

India

founded upon complete knowledge of the circumstances, which are still *sub judice*. For it must be remembered that even in India the full facts of the case, in the light of which alone can General Dyer's act be condemned or condoned, are not yet known to anyone, save perhaps to the members of the Enquiry Committee. It cannot be maintained that there has been any suppression of information in India, either by the Government of India or by the Punjab Government, for the simple reason that complete information has not been available. Government has indeed for some time possessed the reports of its own officers, and upon these reports the broad general official views of the Punjab occurrences were not only based, but also afforded the widest publicity in the last session of the Imperial Legislative Council. But these official reports represent only one aspect of the case; and until they have been tested by cross-examination, compared and collated with the evidence of non-official witnesses, it is quite impossible to form any matured opinion upon the facts of such incidents as the Jalwalian Bagh affair, which, however large they may loom through their intrinsically tragic nature in the popular imagination, are strictly subordinate to the general course of the disorders. It is further apparent that, rightly considered, no convincing judgment can possibly be pronounced upon the Amritsar tragedy until the nature of the main disturbances, of which it forms but a single incident, has been authoritatively determined by the Committee. If it should be shown that, according to human calculation, the rapid spread of the flame of pillage and murder throughout a warlike, excitable, and momentarily maddened population was so imminent that the shooting, though it slew hundreds, resulted in the preservation of thousands of His Majesty's subjects, irrespective of race and creed, the judgment which even the most sentimental of humanitarians may feel inclined to pronounce upon General Dyer must be considerably modified. If, on the other hand, it

Amritsar

should be shown that the authorities lost their heads, gravely mistook the whole nature of the situation, and employed in dealing with civil commotion, which, though admittedly serious, had nothing either revolutionary or abnormal in its character, a degree of force which could only be justified by active rebellion of the most dangerous type, then the condemnations of General Dyer, already voiced in many quarters, may even err on the side of leniency. The importance of such considerations as these will be readily apparent in the light of the charges recently brought against the Government of India in the House of Commons, that information concerning the Punjab disturbances had been deliberately suppressed. This is so far from being the case, that it is still the part of all fairminded men to suspend their judgment upon the whole Punjab tragedy, of which Amritsar forms but a single, though that the most heart-rending, act, until the duly constituted tribunal, with the full facts before it, shall have expressed its weighed and considered opinion. It has, however, become amply apparent that the apprehensions of those, and they were many, who believed that a public enquiry would be of dubious value, are more than justified. Racial feeling has been excited, old wounds opened, and the result is great bitterness. Should the enquiry lead to the condemnation of General Dyer, the impression produced upon the mind of the army will be most regrettable. They will feel that they can no longer rely upon the support of the civil administration in the execution of their duty. On the other hand, should General Dyer's action be approved, there will be an outburst of popular feeling of a dangerous character.

India

III. THE ECONOMIC BACKGROUND

THE quarter under review has been marked by a continuation of the industrial boom to which reference was made in preceding articles. The figures for company flotation in the month of August alone show that during that period fifty-five joint stock companies were registered, with an authorised capital of £4,800,000. In the eight months, April-November, the number of companies registered was 535, with an authorised capital of over £11,000,000. This activity has, however, been accompanied by considerable restlessness on the part of labour, due in large part to sustained high prices. About Christmas-time there was talk of a general strike among the employees of the North-Western Railway; but fortunately this failed to materialise. A railway strike is, however, in progress at Jamalpur. In Bombay, something of a general strike among the mill hands has broken out, it being estimated that some 200,000 hands are idle. Fortunately, the harvest has been good, and the acuteness of the economic stress is now a thing of the past. But times are still hard for the labourer.

IV. THE REFORMS AND PUBLIC OPINION

THE evidence which was tendered by the various deputations and individuals before the Joint Committee of the Lords and Commons aroused great interest in India. It was reprinted in almost every Indian paper as fully as circumstances would allow, and public expectation was keenly whetted by the prospect of the early publication of the Committee's report. When that publication, which had been heralded by inspired statements, was actually made, it was hailed by the Moderates as a conspicuous triumph. Their Press displayed an attitude at once

The Reforms and Public Opinion

optimistic and complacent. On the other hand, the extreme section of the Nationalists were not pleased. Certain of them frankly admitted that they thought no great harm would be done if the Reforms Bill, as amended by the Report, came to grief in Parliament. The fact that on the one hand the Bill was obviously liberalised by the Joint Committee, and that, on the other, the Imperial Government was determined to secure its passage, gave the extremists no pleasure. Despite the large measure of liberalisation which had been accomplished by the rejection of the separate purse, the abolition of the grand committee system, the transfer of industries and education, the decision in favour of direct election, and of a true second chamber, and the increase in the number of Indian members of the Viceroy's executive council, the extremists still maintained their view that the whole Reforms Scheme was disappointing and unsatisfactory. Mr. Satyamurthi, speaking at Madras, publicly referred to the Bill as "the contemptible device of a bankrupt statesman to stave off the evil day"; and the subsequent attitude of the Indian National Congress showed that his view is echoed by a strong section of his party. The question was openly canvassed whether the extreme nationalists should not decline to have anything to do with the Reforms Scheme, or whether they should throw all their energies into its working, either with the idea of excluding the Moderates from participation in its benefits, or with the idea of using their power to produce a deadlock. The Moderates, on the other hand, were frankly delighted, although they would have preferred to see some introduction of the principle of responsibility into the Central Government. They none the less felt that the Reforms Scheme, as finally decided, would provide them with ample scope for displaying their capacity. Their Press paid enthusiastic tribute to Mr. Montagu and to the liberal spirit displayed by those who welcomed the Bill in both Houses of Parliament. The officials, for their part, though they had seen shelved the

India

larger portion of the modifications which they had proposed for the Montagu-Chelmsford scheme, indicated in no uncertain terms their intention of co-operating loyally to make the new *régime* a success. There was a certain amount of head-shaking on the part of the more conservative ; but all alike agreed that, whether the business were good or whether it were bad, it was now an accomplished fact, and that the thing to do was to make it a real success in practice.

The attention attracted towards the Reforms was very much less than might have been expected, owing to the competition of other topics of interest. With one of these, the Punjab disturbances, we have already dealt. But side by side with this, relegating the whole question of reforms for the moment to a third place, came the Khalifat agitation. We have already noticed that Mohammedan anxiety on behalf of Turkey had ebbed and flowed during the period since the declaration of the Armistice. Had it been possible to announce the Turkish peace terms at the same time as those with Germany, there can be little doubt that the Mohammedans of India would have accepted them as a decree of fate. But the long delay has gradually produced the change from an attitude of passive acquiescence to a hope that Government's hands may perhaps be forced in the matter. During the last six months feeling has been fomented among the more advanced Mohammedans, whose support has thereby been secured for extreme Nationalist views. Of late the question of the integrity of Turkey has been taken up by the Hindus, especially by Mr. Gandhi. It is a most formidable weapon in the hands of anyone who desires to bring pressure upon Government. The immediate occasion for the new movement was supplied by the approach of the official peace celebrations, fixed for December the 13th and the following days. It was publicly stated that good Mussulmans ought not to take part in the rejoicings while the Turkish question remained unsettled. In order to bring home this view an anti-peace celebrations

The Reforms and Public Opinion

committee was set up in Delhi, about ten days before the date fixed for the peace celebrations. Owing to the limited amount of time available, it was not possible to do very much by way of propaganda, although in several places, notably in Delhi itself, the anti-peace-celebrators succeeded in preventing the bulk of the Mohammedan community from joining in the rejoicings. But the immediate activities of the committee proved only the beginning of a regular campaign. Government refused to be drawn into taking any measure which might be constituted as official pressure in favour of the celebrations, and those who were responsible for the anti-peace celebrations campaign were able to accomplish something towards increasing the uneasiness of the Mohammedan community. They contended that the full pre-war integrity of the Ottoman Empire would alone satisfy the religious requirements of Indian Mohammedans, supporting their assertion by the inaccurate statement that Turkey was the only hostile power upon which the Allies proposed to inflict loss of territory. Ignoring the historical fact that Islam has never found spiritual allegiance to the Khalifa inconsistent with temporal allegiance to other monarchs, certain Mohammedan leaders tried to argue that any loss of territory suffered by the Sultan of Turkey must necessarily become a religious question. They ignored all political exigencies, such as the recent declaration of independence by the Arabs and by the Armenians. They refused to remember that in order to restore the Holy Places to the control of the Sultan of Turkey it would be necessary to desert our ally, the King of the Hedjaz, whose political subordination to the Sultan, even before the war, was of the most shadowy description. An endeavour was made to convince the Mohammedan community that the Commander of the Faithful was in danger of oppression at the hands of Christian Powers, and to this theory some ill-judged references to the Crusades, which appeared in the home papers in connection with General Allenby's campaign in Palestine, certainly contributed. It cannot be too

India

strongly urged that the pronouncements of those in high position at home upon matters which the Mussulman community regard as affecting the politics or religion of Islam produce in India consequences for evil which must far outweigh the satisfaction derived from the original declaration either by the speaker or by his audience.

Intellectual arguments concerning Turkey are above the head of all but the most educated Mussulmans. But despite the efforts made by Government through the public Press to secure a more accurate appreciation of the facts of the Turkish situation, the speeches and writings of some of the Mohammedan leaders, religious and political, have now begun to produce an effect upon the masses, who have gathered a definite impression that some kind of tyranny is about to be practised on the Sultan. Religious feeling of this kind is very easy to arouse, most difficult to quell, and almost impossible to avert by reasoned arguments. A foreign government of different creed can hardly be expected to interfere with good effect. Every possible endeavour has been made, by the use of such publicity machinery as exists, to demonstrate that the issues involved are political, not religious; that no vengeance is being exacted from Turkey by the Christian Powers, and that any adjustment of her boundaries follows entirely from the effect of those principles of nationality and self-determination for which the Allies fought—principles which have already introduced changes so drastic into the map of Europe.

V. THE CONFERENCES

IT was therefore in a somewhat excited atmosphere that the preparations for the 1919 session of the Indian National Congress drew to a close. The site of the meetings was fixed at Amritsar, with the professed intention of securing unanimous Indian opinion upon the Punjab troubles. The same place was also fixed for the

The Conferences

session of the Muslim League ; and although a half-hearted attempt was made by certain of the more conservative Mohammedans to break away from the powerful influence of the Congress by holding the sessions elsewhere, nothing definite came out of it. As in 1918, there seemed every reason to suppose that both the League and the Congress would voice nothing but extreme Nationalist opinion. The leaders of the party made great efforts to attract the Moderates, issuing pressing invitations for the Amritsar Congress, and putting forward Indian sentiments, deeply stirred to censure of the Administration by the Punjab happenings, as affording a common meeting ground for all parties. But the Moderates, while perfectly ready to express their detestation of the methods employed in restoring order, were not prepared to take the same uncompromising view of Government's iniquity as were the extremists ; nor were they prepared to follow them in demanding the recall of Lord Chelmsford, whose non-interference with the Punjab authorities' attitude towards the Press Act, together with occasional skirmishes in Council with extremist leaders impatient of the rules of business, have combined to bring upon his head the wrath of the Left Wing. Still less were the Moderates prepared to adopt a *non possumus* attitude towards the Reforms Scheme, to the final shaping of which they, as a party, had so largely contributed. It was apparent from their press that they felt no good purpose would be achieved by any attempt to gloss over the differences in aim and outlook which now separated the two great Indian parties. Officially they refuse to accept the Indian National Congress invitation. But they announced that they had no intention of asking individual members of their party who might desire to attend at Amritsar to refrain from doing so. They arranged to hold their own conference at Calcutta almost at the same time as the Amritsar session. While they, like the extreme Nationalists, felt deeply and bitterly upon the Punjab affair, it is plain that as a party they look rather

India

to the future than to the past. In contrast to the extreme Nationalists, they are now largely pre-occupied with the approaching reforms, and are more concerned to lay down a constructive programme of party activity than to frame eloquent and impassioned votes of censure upon the existing Administration.

On the very eve of the session of the Indian National Congress appeared the Royal Proclamation signifying the assent to the Reforms Bill—one of the most impressive manifestoes in the history of the connection between England and India. After sympathetically surveying the growth of Indian aspiration towards representative institutions, the Proclamation acclaimed the reforms as a definite step on the road towards responsible government. His Majesty continued :—

With the same sympathy and with redoubled interest I shall watch the progress along this road. The path will not be easy, and in marching towards the goal there will be need of perseverance and of mutual forbearance between all sections and races of my people in India. I am confident that those high qualities will be forthcoming. I rely on the new popular assemblies to interpret wisely the wishes of those whom they represent, and not to forget the interests of the mass who cannot yet be admitted to the franchise. I rely on the leaders of the people, the Ministers of the future, to face responsibility and endure misrepresentation, to sacrifice much for the common interest of the State, remembering that true patriotism transcends party and communal boundaries; and while retaining the confidence of the legislatures, to co-operate with my officers for the common good in sinking unessential differences and in maintaining the essential standards of a just and generous Government. Equally do I rely on my officers to respect their new colleagues and to work with them in harmony and kindness; to assist the people and their representatives in an orderly advance towards free institutions; and to find in these new tasks a fresh opportunity to fulfil as in the past their highest purpose of faithful service to my people.

As a fitting inauguration to the new era, His Majesty made an impressive appeal for unity :—

It is my earnest desire at this time that so far as possible any trace of bitterness between my people and those who are responsible for

The Conferences

my Government should be obliterated. Let those who in their eagerness for political progress have broken the law in the past respect it in future. Let it become possible for those who are charged with the maintenance of peaceful and orderly Government to forget extravagances they have had to curb. A new era is opening. Let it begin with a common determination among my people and my officers to work together for a common purpose. I therefore direct my Viceroy to exercise in my name and on my behalf my Royal clemency to political offenders in the fullest measure, which in his judgment is compatible with public safety. I desire him to extend it on this condition to persons who for offences against the State, or under any special or emergency legislation are suffering from imprisonment, or restrictions upon their liberty. I trust that this leniency will be justified by the future conduct of those whom it benefits and that all my subjects will so demean themselves as to render it unnecessary to enforce the laws for such offences hereafter.

The Proclamation concluded with a declaration of His Majesty's intention to send the Prince of Wales to India next cold weather to inaugurate the new Chamber of Princes and the new Constitution.

The effect of the issue of this document was profound. Among the common people it was hailed with delight as a personal act of clemency on the part of the King-Emperor, to bridge the recently-opened gulf between the races. Upon many of those interested in politics also the effect was little less marked. The Moderate Party saw in it a proof that the fruit of their constitutional endeavour towards representative institutions was now ripe. Such veteran warriors as Mrs. Besant and Babu Surendranath Banerjea enthusiastically declared that "India was at last free." The speeches made in the Moderates' Conference at Calcutta revealed a genuine appreciation of the new spirit, an earnest desire to co-operate with Government in working the reforms, and a determination, full of promise for the future, to formulate a definite programme and to declare a considered policy for the guidance of the party.

Upon the extreme Nationalists, unfortunately, it cannot be said that any appreciable effect was produced by the Proclamation. From the party point of view they were

India

placed by it in a somewhat awkward position. At a stroke they were deprived of several important grievances which had constituted much of their immediate political capital. Without in any way desiring to impugn the honesty of their convictions, it cannot but be observed that they failed to rise to the occasion. The indiscriminating violence of the speeches delivered seems wholly uncalled-for; and, if taken at its face value, cannot fail to produce a painful impression upon those who are the truest friends to India's constitutional aspirations. To have persisted in bringing forward strongly-worded resolutions about the Punjab was, in view of the depth of feeling excited, perhaps only natural if distinctly regrettable; but to have persisted in the motion for the removal of Lord Chelmsford, and to have reiterated the parrot cry of "disappointing" and "unsatisfactory" concerning the now liberalised reforms can only be considered a grave tactical error. The proceedings of the Congress and of the Muslim League alike make painful reading. The speech of the President of the Congress was a long diatribe against Great Britain and a belittlement of the benefits of the Reforms Act. Not one redeeming feature of the situation, whether of progress in the past, or hope for the future, was admitted. Mr. Satyamurthi went one better, for he said that Lord Chelmsford had "sullied Indian honour, betrayed the country's trust, betrayed British trust, and shocked civilised humanity." These and other speeches delivered too often reveal an outlook at once so crude, so unpractical, so irresponsible to the new spirit, as to fill an impartial person with despair for the future of the extreme Nationalist. Unless some attempt is made, and that quickly, to curb the growing taste for utterances envenomed with rank racial hatred, it is difficult to see how the Congress Party will prevent its younger and less disciplined members from drifting into an impossible position, not merely in regard to the reforms but also in regard to the whole relationship of India towards the British Commonwealth. This would be a calamity

The Conferences

of no common order; for the fiery enthusiasm of the younger generation, their receptivity to generous ideals, their acknowledgment of the necessity for sacrifice in the cause of political and social progress, constitute, rightly applied, a driving force of great value to India. We can only hope that, with the new opportunities for solid work in the national cause which the reforms will furnish, the extremists will relax their attitude of undisguised hostility, and, like the Moderates, will find it possible to throw all their energies into facilitating by work, rather than retarding by agitation, the progress of India along the road leading to responsible government.

India. January, 1920.

CANADA

I. SIR ROBERT BORDEN AND THE COALITION

THE very serious illness of Sir Robert Borden has aggravated the political confusion which prevails throughout Canada. Ever since the Premier's return from the Paris Conference he has been on the verge of physical prostration. To the long strain of the war was added the anxiety inseparable from a difficult domestic political situation. Perhaps to a greater degree than in the Mother Country the Government is a coalition of political leaders, who were ranged in separate camps until they came together for the more effective prosecution of the war, and particularly to ensure adequate reinforcements for the Canadian Expeditionary Army. It is true that the Cabinet has been cohesive and united; but from the first there have been rumours of dissension which did not exist, and alike among Liberals and Conservatives in the constituencies a disposition to distrust one section or the other.

As has been said in THE ROUND TABLE, eighty or eighty-five per cent. of the Unionists belonged to the old Conservative party. This formidable element has been reluctant to give equal representation in the Cabinet to the fringe of voters which was detached from the Liberal party. Moreover, the official leader of the Liberal party could not be induced to join the Coalition, and in the general election all the official machinery of the party was at his command and its historic continuity has been substantially preserved. It is also true that those Liberals

Sir Robert Borden and the Coalition

who entered the Union Cabinet have been continuously denounced as guilty of flagrant desertion of Sir Wilfrid Laurier, betrayal of principles and sacrifice of convictions for office. Distrusted by many Conservatives and maligned by their old associates, the Liberal Unionists have not had a happy experience, but they have been invincibly loyal to the Prime Minister, and signally influential in legislation and administration.

It will be apparent from these facts and circumstances that the withdrawal of Sir Robert Borden would produce an anxious situation in Parliament and in the country. There is, however, no doubt that he had definitely determined to resign upon the positive statement of his physicians that his physical condition was such that he could not safely do otherwise. It was settled that a Unionist caucus would be held at Ottawa during the first week of January to choose a successor. But it was quickly discovered that agreement upon a successor would not be an easy process. This was not because his colleagues were divided by personal differences or because there was any unseemly competition for the leadership. There is reason to believe that if Sir Thomas White could have been persuaded to take the Premiership, the Cabinet would have been united in his support, and with the single exception of Sir Robert no man would have been so acceptable to Unionists in Parliament and in the constituencies. But, while Sir Thomas still holds a seat in the House of Commons, he has been politically inactive since he resigned the portfolio of Finance, and has declared in a public statement that he is not a candidate for the Premiership, and will not take office again upon any consideration. Mr. Meighen, Minister of the Interior, among the most effective debaters in Parliament, possibly would have succeeded to the leadership if Sir Robert Borden had not been persuaded to withhold his resignation; but he was among the most urgent of his colleagues in appeal to the Prime Minister to take a long rest in the hope that, relieved from the

Canada

drudgery of office and the distractions of politics, his health would be measurably restored. Convinced that this was the unanimous desire of the Cabinet and fortified by many messages from the country, Sir Robert finally yielded. It is, however, by no means certain that when he does return he will be able to resume the heavy duties and responsibilities which have seriously impaired a robust constitution, and even affected a naturally optimistic and confident temperament. In the meantime the Unionists face Parliament, and possibly a general election, with an absent leader, a policy undefined on vital questions, and a complete neglect of organisation in the constituencies.

It is understood, however, that the Unionist caucus will give immediate consideration to the letter submitted by Sir Robert Borden a year ago, outlining a political programme and urging definite consolidation of the Unionists as a permanent national party. The United Farmers and the Liberal party have definite programmes before the country, and are actively organising in expectation of a general election. The Unionists must follow their example, if they are to maintain their ascendancy or even to be an influential element in the political life of Canada. It has to be remembered also that the future of the historic Conservative party is involved in the fortunes of the Unionists, and that the industrial interests have their natural alliance with the party which Sir John Macdonald created, and which has been so influential in the organisation and evolution of the Canadian Commonwealth.

At the moment there is criticism of the Union Government as indecisive and inactive, lacking in political instinct, and without adequate energy for the difficult and perplexing problems of reconstruction. But in Canada, as elsewhere, there are uneasy elements, provocative of unrest, the temper of detraction and vagrant impulses to revolt. The solid achievements of the Government are overlooked. Ministers are held to direct responsibility for conditions which they have not produced and cannot redress. De-

The Farmers' Political Movement

mocracies in time of travail are inconsiderate, often merciless, and in the reaction from war and its inevitable consequences, Governments must suffer. The ultimate judgment of history upon the public career of Sir Robert Borden will not be unfavourable. The conduct of the war constitutes a chapter in Canadian history of which future generations will not be ashamed. Nor has there been serious slackness or conspicuous inefficiency in the Government's handling of the problems of reconstruction. For the time, however, public opinion is unsettled and unorganised, and undoubtedly the long absences of the Prime Minister in London and Paris, and the undefined attitude of the Government towards national problems upon which the Farmers and Liberals have definitely declared themselves, have aggravated the political unrest which prevails in the country. It is unfortunate also that the Unionist leaders rarely address public meetings. There is no adequate defence of the Government's administration and legislation. Nor is there any constructive teaching to offset the destructive criticism of its opponents. The people demand and require definite declarations of policy by the Unionists in order that they may pronounce with intelligence and wisdom between the various groups and factions which are manœuvring and struggling for political supremacy at Ottawa.

II. THE FARMERS' POLITICAL MOVEMENT

THERE has been nothing more surprising in the political history of Canada than the result of the general election in Ontario. While it was believed that the United Farmers would carry twenty-five or thirty constituencies, there was no expectation that Labour would elect many of its candidates or that the Government would be defeated. The Farmers, however, carried 46 out of 111 constituencies, and in twelve divisions the candidates of the Independent

Canada

Labour Party were returned. The Liberal party has 31 seats against 28, while the Conservative representation is only 26 as compared with 80 in the last Legislature. During the contest there was a practical alliance between Labour and the Farmers. In a few constituencies, candidates were nominated by joint conventions of the two classes. The Farmers and Labour alike adopted a position of uncompromising hostility to the Liberal and Conservative parties. Where a farmer was chosen by a Liberal or Conservative convention he was fought relentlessly, while in Toronto a recognised leader of Labour who accepted a Conservative nomination, and would have become Minister of Labour if the Conservative Government had been sustained, was opposed by a Labour candidate and defeated.

There is no doubt that the Hearst Government's liquor legislation chiefly explains its overwhelming defeat. Five years ago, when Mr. N. W. Rowell, now President of the Council in the Federal Cabinet, was leader of the Liberal party in the Province, he committed the party to prohibition. The Conservatives, under Sir James Whitney, held to local option as the sounder method of regulating the liquor traffic and naturally had the support of the hotels, brewers and distillers. Although defeated, Mr. Rowell persisted in the agitation for general prohibition. When the war came there was such a manifest response to his appeal that Sir William Hearst, who had succeeded Sir James Whitney as Premier and leader of the Conservative party, yielded to popular feeling and persuaded the Conservative majority of the Legislature to sanction prohibition as a war measure. It was also provided, however, that when peace was restored, and the soldiers had returned from oversea, a referendum should be taken to determine if prohibition should continue or to what degree the provisions of the measure should be relaxed. In fulfilment of this understanding four questions were submitted to the people in the general election—(1) should

The Farmers' Political Movement

the Ontario Temperance Act (establishing prohibition) be repealed ; (2) should the sale of beer and wine through Government agencies be legalised ; (3) should beer and wine licences be issued to standard hotels in local municipalities where a majority of voters approved the issue of such licences ; (4) should the sale of spirituous and malt liquors through Government agencies be permitted.

The vote even against wine and beer licences was two to one, although the Government which gave prohibition was routed. Nor is it necessary to go far for an explanation. An element in the Conservative party, which could not be reconciled to prohibition, voted against Conservative candidates in order to punish the Government. The liquor interests, which supported the Whitney Administration five years ago, believed that they had been betrayed by Sir William Hearst and his colleagues, and voted for "revenge." Among Labour there were many advocates of wine and beer licences, and these polled solidly against Conservative candidates. Probably a majority of the returned soldiers also gave their votes to one or other of the groups opposed to the Government. From the ranks of prohibitionists the Government drew no considerable access of strength because the candidates of the Farmer and Liberal parties declared as strongly for prohibition as did those who represented the Conservative party, and even few of the Labour candidates favoured repeal of the prohibitory enactment. Thus the Government which gave prohibition was not generally supported by prohibitionists, while the bulk of the opponents of the measure gave their support to Farmer, Labour, or Liberal candidates.

In Toronto, for example, which has been overwhelmingly Conservative for a generation, five of the ten seats into which the city is divided returned Liberal or Independent candidates by majorities running from 1,200 to 6,000. Labour triumphed in Hamilton, Sir Adam Beck, Chairman of the Hydro-Electric Commission, who was believed to have the confidence of Labour in a peculiar degree, was defeated

Canada

in London by nearly 2,000, and even the Premier himself, against whom it was difficult to secure an opponent, was 1,200 behind the Labour candidate in Sault Ste. Marie. It is admitted that there were no very serious or definite charges against the Hearst Administration, nor even any strong reasons for the revolt among the Farmers or the hostile attitude of organised Labour. But for many months the agents of the United Farmers had been busy in the constituencies, old party associations had been vitally disturbed by the organisation of the Union Government at Ottawa, there was feeling that the Federal Government had boldly disregarded pledges to exempt farmers' sons from compulsory military service in consideration of the scarcity of farm labour, and a conviction, sedulously cultivated, and not altogether unreasonable, that neither farmers nor industrial workers had adequate representation in the Legislature. Thus alike in the rural and in the industrial constituencies an acute class feeling was developed, with political results far more favourable than either the Farmer or Labour groups expected. It is, indeed, remarkable that in the municipal elections which followed six weeks later Labour showed a clear loss of strength as compared with the contest for the Legislature.

Although it is difficult to believe that a political alliance between Labour and Farmers in Canada can be enduring, the two groups have united to form a Cabinet and control the Legislature of Ontario. The Government contains five farmers and two representatives of organised Labour. The Premier is Mr. E. C. Drury, whose affiliation has been with the Liberal party, a vigorous advocate of low tariffs and reciprocal free trade with the United States, a Methodist in religion, an ardent prohibitionist, and a fluent and effective platform speaker. Although only 42 years of age, he has an established political reputation, and has proved that he can devote much attention to public affairs and still rank among the most successful farmers in Ontario. Most of his colleagues have had valuable experience in

The Farmers' Political Movement

municipal government, but only one has sat in the Legislature, and he only for a single session. Mr. Drury himself was not a candidate in the general election and still has to find a constituency. There could be no better evidence of his standing among the farmers of the Province than the fact that in these circumstances he was the unanimous choice of the elected representatives of the Farmer and Labour groups for the office of Premier and leader of the Coalition. At most, the Government has a majority of only two or three in the Legislature. Three of the Ministers have still to find seats, and if even one of these should be defeated a political deadlock would result unless the Government should draw unexpected support from the Liberal or Conservative parties. Because the Ministers represent farmers and workers, and are wholly without parliamentary experience, there is a common desire that they shall not be embarrassed or subjected to vexatious opposition in the constituencies. No general apprehension that the new Government will sanction revolutionary or destructive legislation is manifested. There are no such differences of opinion between the farmers and the industrial interests in Provincial affairs as separate classes in the Parliament at Ottawa, which exercises authority over trade and taxation.

Although the Farmer-Labour groups have a majority in the Legislature, they polled fewer votes than the candidates of the Conservative party. The Conservatives polled 386,706 votes and elected 26 members. The Liberals, with a total of 336,715 votes, carried 31 constituencies. But with 383,970 votes the United Farmers and Labour secured 56 seats in the Legislature. There are two explanations for this extraordinary result. The unit of representation in the centres of population is double that of the unit in rural communities, while in probably one-third of the constituencies neither the Farmers nor Labour nominated candidates. One natural result of the election is a movement to establish "repre-

Canada

sentation by population." It is argued that, if Labour and the Farmers insist upon class representation, there must be a fairer division of political power between the rural and the industrial communities. Toronto, Hamilton, Ottawa and London contain 27 per cent. of the total population of Ontario, but have only one-seventh of the representation in the Legislature. Ten rural divisions, with 190,000 of population, send as many members to the Legislature as does Toronto with 500,000 people. It has been held that area as well as population should be considered in settling the basis of representation, but this argument becomes less influential if the farmers unite for political purposes against other classes. Manifestly under the existing electoral adjustment a minority of the people can control the Legislature, and the farmers, even without the assistance of organised Labour, can impose legislation upon the towns and cities. Farmers and Labour alike are pledged to establish proportional representation in Ontario, but even the proportional system will not give additional members to the industrial communities unless an equal unit of representation is established.

For the House of Commons the counties have an excess representation as great as they possess in the Legislatures of the Provinces. But the farmers are organising as a national party just as they have organised as a Provincial party in Ontario. Moreover, they have been as successful in by-elections for the Federal Parliament as they were in the Province. A few weeks ago in Assiniboia, in the Province of Saskatchewan, which has been a Liberal stronghold, a representative of the Grain Growers defeated a Liberal candidate for the Commons by a majority of 5,224. In Carleton, New Brunswick, which was represented by Mr. Frank Carvell, a member of the Union Government until he resigned to become Chairman of the Federal Railway Commission, a candidate of the United Farmers was returned by a majority of 3,540, although three of the Federal Ministers appeared in the contest in

The Farmers' Political Movement

behalf of his Unionist opponent. In Glengarry in Ontario, carried by the Unionists in the general election, a farmer defeated the candidate of the Government by 1,900. In Saskatchewan and Alberta, in recent by-elections, nominees of the farmers have successfully contested constituencies for the Legislatures. Thus outside of Quebec the Farmers' movement is very formidable, and even in that Province, now dominated by the Liberal party, the agents of the Farmers are creating a Provincial organisation. Outside of Ontario no alliance has been effected between the Farmers and Labour, and probably it will be difficult to secure Labour's adhesion to such a radical revision of the tariff downward as the Farmers advocate.

The fiscal platform of the Liberal party closely resembles that of the United Farmers. Indeed the Saskatchewan Legislature, controlled by a Liberal Government, has just adopted a resolution, endorsing without amendment or qualification the trade platform of the United Farmers, and it is peculiarly significant that the Conservative opposition in the Legislature also voted solidly in support of the resolution. It seems to be certain, therefore, that the United Farmers will send many members to the next House of Commons. Possibly they cannot elect an actual majority of Parliament. Nor at the moment does it seem likely that the Liberals or Unionists can secure a majority. There is, however, no immediate prospect of a general election unless the Unionists should be defeated in Parliament. This is regarded as improbable, and chiefly because many representatives of rural constituencies fully understand that they would not be accepted by Farmers' conventions and could not be re-elected if opposed by Farmer candidates.

Canada

III. NAVAL POLICY AND IMPERIAL ORGANISATION

A GROUP of extreme autonomists are peculiarly active throughout Canada. Suspicion is excited over the mission of Lord Jellicoe. It is demanded that the representatives of the Dominion at the next Imperial Conference shall be instructed by Parliament. There are even suggestions that the Prince of Wales was the agent of British Imperialists, and that there is some deep design to involve Canada in definite Imperial obligations without consulting the Canadian Parliament or the Canadian people. A good deal of what is said by this school of writers is unobjectionable and constitutionally sound enough. They take a position which would not be challenged by Imperialists in Canada or in Great Britain. But behind all their writing is the assumption that a "conspiracy" is afoot, and that great vigilance is required to defeat the agents of "centralisation" and maintain the legitimate sovereignty of the Canadian Parliament.

Chief among these alarmists is Mr. John S. Ewart, K.C., author of the "Kingdom Papers," and an advocate of practical independence under the Crown. But he has even more extreme allies and the support of a few influential journals which apparently cannot believe that the autonomy of Canada is not menaced by mysterious, underground forces, directed from London, and with dangerous connections in Canada. Many of Mr. Ewart's letters appear in the *Statesman*, a weekly journal published at Toronto, which declares that "Canada cannot remain in the anomalous position she now occupies." It is not content with Sir Robert Borden's theory of equal nations, nor even with the policy of the Liberal party. It asks why "a land of eight million people, whose splendid contribution to the Great War amazed the world, should shirk the responsibilities of sovereign nationhood." It insists that abuse of

Naval Policy and Imperial Organisation

those who frankly discuss the questions, and who assert the right of Canada to be the absolute mistress of her own destinies, free from Imperial control, is "the best means of betraying Canada into the hands of the Milners and Curzons and the old order in Europe." The *Statesman* complains that

British and Canadian Imperialists speak in terms of national independence and equality of status, while they refuse to state definitely how national independence and equality of status are to be realised under any scheme of Imperialism that implies the recognition of a single sovereign State.

Finally it declares that

the young manhood of Canada will not consent to be bartered by our elder statesmen in the Imperial mart like slaves in the streets of ancient Rome. And it is to the youth of Canada that this question must finally be referred, and not to an Imperial Conference, for it was by the bravery of our young manhood that Canada's place among the sovereign nations of the world has been won, on fields where men met Imperialism face to face, and saw in it the foe to world peace and human freedom.

There has just been established at Ottawa a weekly journal calling itself the *Canadian Nation*, to which Mr. Ewart also contributes, and which is deeply concerned over the plottings of Imperialists. Mr. Ewart himself is disturbed by Lord Jellicoe's visit. He distrusts British diplomacy in all its dealings with Canada. As to naval policy, he asserts that "were we to consult anybody about it we would not go to a British admiral." He argues that "the British Government has always been opposed to our limitations of Japanese immigration, and, while the United States may be safely counted upon to concur with us in the policy of exclusion, we may be sure that the British fleet will never support us in that respect." He thinks "Canadians cannot be sure, in case of future trouble—with the Japanese or others—that the British navy will not be fighting on the side of our opponents." Mr. Ewart recalls Sir Robert Borden's promise that when a permanent

Canada

naval policy should be framed "it would be presented to Parliament and the public of this country would be given an opportunity to pronounce upon it." He continues : "That has not been done. Policy has been framed. It is being acted upon. Lord Jellicoe's principal business is not to give advice in Canada which he could have dictated in ten minutes to a stenographer in London. It is to create an atmosphere favourable to the Imperialistic proposal of Canadian adjunct ships for the British navy, under Canadian pay and British control. Can he do it ?" In a speech before the Reform Club of Montreal, Mr. Ewart said :—

For my part I desire that Canadians, and none but Canadians, shall determine what Canada's foreign policy shall be ; that Canadians, and none others than Canadians, shall determine whether we shall be involved in war or not ; that Canadian soldiers shall always be Canadian soldiers, and the Canadian Navy shall always be the Canadian Navy, and under Canadian control, wherever and what time soever it may find itself ; that from now, henceforth, and forever, Imperialist centralisation in London shall not be tolerated in Canada. If in the future any British or Canadian Government shall be of a different opinion and try to impose that different opinion, then, to quote the words of Lord Fisher, "scrap the lot !"

The *Winnipeg Free Press*, which has a wide circulation and great authority in the Western Provinces, recalls the memorandum prepared in London, in 1918, by the Premiers of Canada, Australia and New Zealand, and signed by General Smuts in behalf of South Africa, in which it was argued that a single Navy at all times under central authority was not practicable, and further contended that the war had shown that the Australian Navy had operated with the highest efficiency as part of a united navy, and adds :—

Admiral Jellicoe left England on a battleship early in January, and has spent the intervening months in New Zealand and Australia, He is now in Canada on the last lap of his mission. He has been advising these Dominions, but his advice is conditioned by the principle laid down by the Dominion Premiers in London and adhered

Naval Policy and Imperial Organisation

to, that all schemes of Imperial naval defence must recognise the existence of Dominion navies under the control of the Dominion Governments. This was the policy unanimously decided upon by the Canadian Parliament in 1909. Canada has come around to it again ; this time neither outside pressure nor the intrigues of party schemers will shake the confidence of the Canadian people in it, as the only possible solution of this great problem.

In another article, under the heading "National Status and Empire Organisation," the *Free Press*, opposing an Imperial Conference this year, contends that "so far as Canada is concerned, there is no one who has either the knowledge or authority to represent the people of this country at present at a conference called to reach definite conclusions on this question of Empire relationships." It does think, however, that "the time for discussion is here at last," and continues :—

With an Imperial Conference in the distance at which definite action is to be taken, there can be no further postponement by patriotic Canadians of their duty of informing themselves and reaching an opinion. This discussion must precede, not follow, the Imperial Conference. This may not be the procedure favoured by some who would prefer the adoption by the Conference of some attractively presented plan which would afterwards be commended to the various nations by propaganda ; but this is precisely the course against which we need to be on our guard. In short, what we need is delay and discussion. The existing Canadian Parliament and the present Dominion Government have no right to make any commitments on behalf of the Canadian people in regard either to naval policy or Imperial organisation. These are duties which should devolve upon the next Parliament and upon the Government which commands the support of that Parliament.

The Toronto *World* declares :—

Canada wants no more conferences until Parliament has first discussed in the fullest way the method and objects of these conferences, and what power they may have in any way to commit us as a people or a nation. Let some of the time of the coming Ottawa session be devoted to clearing up the preceding and many conferences that Sir Robert Borden has attended ; what commitments, if any, were made by him on account of Canada at these conferences, and how much responsibility the Ottawa Cabinet is prepared to assume

Canada

for the very active, recent, and present propaganda toward Imperialism that has been carried on in this country, and out of it, by persons and papers absolutely irresponsible to the Canadian people. Up to date, what mandate has the Canadian people given to anyone to make commitments in regard to Canada's future nationhood or participation in future Imperial politics?

The *Farmers' Sun*, which is the organ of the United Farmers of Ontario, professes anxiety concerning the next Imperial Conference, and insists that the Dominions must not be involved in "a military and naval union." It wants a frank and full statement of the Jellicoe naval proposals, and what the Admiral asks from Canada. The *Sun* declares in another article :—

Drifting will not much longer be possible. We are nearing the parting of the ways, and a decision must be made in the near future. The late war and the Imperial Conference, which it is expected will be held in London next summer, are forcing a final decision upon us, whether we will or no. We cannot go on as we have gone in the past, responsible for a part in all of England's wars without any voice in the policies leading up to war. That is a position in which a nation of 8,000,000 cannot much longer remain.

The three courses open are : an Imperial Union, in which Canada will have a real voice in Imperial policy and assume a recognised share of responsibility for Imperial wars ; a union with the neighbouring nation to the South, under which Canada will be as much a part of the United States in trade, in government, and in everything else as the one time Southern Confederacy is to-day ; or Canadian independence, involving all the privileges and responsibilities that go with national sovereignty.

The case is merely stated, and the truth of this statement of the case cannot be gainsaid. It is for the Canadian people to make the decision, and before that decision is reached there should be full and free discussion with the most careful consideration of all that is involved in whatever decision is reached.

In a reference to Mr. T. A. Crerar, national leader of the United Farmers, The *Sentinel*, the official organ of the Orange Association, says :—

All sensible men will agree with Mr. Crerar that "this country should not be committed to any form of Imperial Parliament or Cabinet or Council without the fullest and freest discussion by the

Naval Policy and Imperial Organisation

Canadian people." But Mr. Crerar, in his public addresses, leaves the impression that his mind is made up before the discussion begins. He seems to be opposed to any policy that will bring Canada and the Mother Country closer together. The whole trend of his speeches is anti-British, without being specific in his statements. Mr. Crerar is serving the enemies of Britain and Canada by assisting in the unpatriotic work of loosening the bonds of Empire.

La Presse, the chief French journal of Quebec Province, which has as great a circulation as any other newspaper in Canada, in a leader on Lord Jellicoe's visit, says :—

To aid the Mother Country with our navy is a thing which Canada could do in urgent cases, but to stand as a guarantee for the peace of the other colonies and contribute to their defence shows a perspective which can have little attraction, and should cause statesmen to reflect well. What good would it be to speak of the autonomy of Canadians if in associating with the other countries of the Empire for the purposes of general defence Canada lost her individuality and authority? If we are to change the situation of the Dominion, let us try at least to change it for the better and not for the worse. Of course, Canada's independence should be attained without any regrettable friction and with the unanimous consent of all the parties interested. At the same time, it is the aim of all people who pride themselves on having an ideal and having at heart the high destiny of their country to be able to say one day, "We are free, and capable of guarding our own destiny." It will be in vain to present Imperialism under new forms and under a cloak of a benevolent and protecting fraternity if we have our eyes well open and ask ourselves the only question which fits the circumstances, "Where are we going?"

La Minerve, another French journal, thus states its position :—

If our country is a nation, let it occupy the position seriously, and not to the detriment of its interests. This is touching on a very complicated question, and it is the part of wisdom to look well before we leap. We must judge according to the actual facts, and not under the inspiration of prejudices. But let us not forget, above all, to be Canadians—and put Canada first.

The *Toronto Star* questions if the Prime Minister of Canada can give as much time in the future as he has been required

Canada

to give in the past to Imperial Conferences and consultations in London. "The direction of the affairs of Canada is a task sufficient to occupy the whole of one man's time and energy. If Canada is to continue to take a real part in Imperial business and foreign relations, that also is one man's business." The *Star* continues:—

There may be some hesitation about allowing anyone but the Prime Minister to represent Canada at any Imperial Conference at which the country may be placed in a new constitutional position or committed to certain lines of action. In any case, and no matter who our representative may be, the possible commitments should be very carefully considered. We cannot allow any Imperial Conference to drift into the position of a governing body. Its recommendations must not be allowed to have the authority and force of laws. Our representative must have definite instructions from the Government and Parliament of Canada, and he must not permit Canada to be committed to any course without the consent of that Government and Parliament.

The *Toronto Mail and Empire*, however, contends that some instrument of government must be devised for the Britannic union. It thinks the need has become greater with increasing community of interest. If the provisional arrangement under which the Mother Country and the Dominions acted together was unsatisfactory before the war, it must be, according to this influential journal, more unsatisfactory since the change in the status of the Dominions.

Under the British system (says *The Mail and Empire*) progress in political development is never sundering. The reason is that such progress is always the result of free will. Consequently the loyalty of the Dominions to the Empire increases with their advance. How perfect is the spirit of co-operation among the countries of the British Empire was made manifest to the whole world by the speedy rally to the Mother Country of all her Daughter States in the war-time. That was the most wonderful thing of its kind in the history of the world. No parent state ever before had such proofs of loyalty from its offspring as Britain had from the Dominions in that time of crisis. The spirit of co-operation being of such vigour, it instantly overcame the defects in the machinery of co-operation. That,

Naval Policy and Imperial Organisation

however, is no reason for keeping the machinery of co-operation in a state of defectiveness. Possibly hundreds of thousands of lives would have been saved, possibly billions of dollars might have been retrenched, had the Empire been in the state of political and defensive organisation in which it ought to have been before the war broke out. To-day we are talking of Canada's problem of naval defence, and Admiral Lord Jellicoe is here to advise us as to the solution of that problem. It is part of an indivisible problem of the Empire, and we must have an Empire organisation that will give effect to the will of the component States in the matter of naval policy. And so for other great questions of Imperial politics. Though the Dominions have become practically independent States, that only makes them more intimately associated with Britain as nations of the Empire, and only adds to their several responsibilities for the Empire's foreign policy and the Empire's defence and smoother co-operation.

It will be clear from these extracts that naval policy and Imperial organisation are exciting profound interest in Canada. Perhaps it is natural that we should have a time of very free discussion after the long repression which was a necessary condition of war. There is the feeling also that the next Imperial Conference must reach momentous decisions, and determine for years to come the status of the Dominions in the Empire. All those who suspect the designs of Imperialists are, therefore, alert and apprehensive. All those who see a destiny for Canada outside the Empire recognise that they are in danger of final defeat. Hence the desire to delay action and maintain indefinite relations between the Dominions and the Mother Country. The masses of the people, however, are not greatly disturbed. They know that their destiny is in their own hands and that, whatever may be the future position of Canada in the Empire, there will be no attempt at Imperial cajolery or Imperial compulsion. It is necessary to remember also that many of those who contend for freedom of action by the Canadian Parliament and freedom of judgment by the Canadian people are as devoted to the Empire as the recognised "Imperialists," and are only concerned to ensure that its unity shall not be endangered by precipitate

Canada

action and premature decisions, that the national feeling of the Dominions shall be expressed in any machinery that may be created, and that there shall be free and full assent by the people to all obligations which they may be required to assume as partners in the Imperial Commonwealth.

Canada. January, 1920.

AUSTRALIA

I. THE DEATH OF MR. DEAKIN

THE death of Alfred Deakin, on October 7, was not unexpected. It was known that the malady which had crippled his once nimble and versatile intellect was incurable, and those who knew him in his brilliant prime, and had memories of the qualities which made him one of the most lovable of men, could only feel that every day added to his last clouded months was a cruel postponement of liberation. For thirty-four years, until his retirement in 1913, he was almost incessantly engaged in Australian politics. He was one of the chiefs of a long-lived Ministry in Victoria (the Gillies-Deakin Government) before Federation. He was Attorney-General and thrice Prime Minister of the Commonwealth. Before the war he was better known outside his own country than any other Australian public man, except perhaps Henry Parkes, had ever been.

All the articles which have been published about Deakin comment upon his astonishing oratorical powers, and these were, indeed, so great as to be the first of his endowments to command attention. His fluency, the play which he could make with words—from impassioned eloquence to the lightest badinage—and the deep well of his memory, whence he could upon the instant draw quotations, allusions and imagery in apparently inexhaustible profusion and variety, were gifts of genius. But it would be unjust to Deakin to suppose that he had not much more solid

Australia

recommendations. He took politics with intense seriousness, and was an enthusiastic slave to work. Vigorous administration, for him, meant not only exacting labour by his officers but also most of all by himself. This enthusiasm was exerted with especial benefit, first when the Australian Commonwealth was being brought into existence, and secondly in the period of its legislative foundation between 1901 and 1904. In these years Deakin was at his best. In Cabinet he was shrewd, quick of grasp, far-seeing, full of initiative energy, and his constructive capacity was of a high order ; whilst his infallible tact, suavity and charm enabled him to exert a reconciling influence over his colleagues and in the legislature.

A man less sensitive would not have broken under the strain, tense as it became after the Labour Party struck out to control the machinery of government. Deakin hardly reached the threshold of old age, and ought to have had ahead of him some years of ripe, mellow serviceableness. He was only 57 when premonitions of his darkening end compelled him to retire. But he poignantly felt and suffered about things which men of more gusty and phlegmatic disposition, like Forrest and Reid, would cast aside and forget within the hour. Deakin lived and worked at a high temperature, and the fires of political conflict burnt him out. There never was any prospect of his return to public life after he entered his cloistered seclusion in 1913. The memory of his singular gifts, his power of persuasion, his graciousness, sweetness of temper and warmth of affection, will live with his generation ; in historical perspective he will stand out large and radiant as indubitably one of the makers of the Commonwealth of Australia.

Lord Jellicoe's Report

II. LORD JELlicOE'S REPORT

LORD JELlicOE arrived at Albany in Western Australia on May 15, 1919, and left Melbourne for New Zealand on his return voyage in September. In the interval he conferred with Ministers, prepared and presented his report, inspected naval bases, visited the principal cities of the Commonwealth, and extended his tour to the northern islands. He took many opportunities of impressing on his hosts that he had not come to Australia for ceremonies or festivities, but for work, and that the main object of his tour was to acquire information for his report. But the tour achieved a secondary object which may or may not have been contemplated when it was planned. Interest in naval affairs in Australia had been diminished during the war by the absence of the Fleet, by the obscurity which covered all its movements, and by the overshadowing glory of the A.I.F. Lord Jellicoe in more than one passage in his report and in his covering letter refers to the lack of such an appreciation of sea power as has been impressed on the British people by centuries of experience. No better means to create and stimulate such a feeling could have been devised than the presence of an Admiral of the Fleet who had played a great part in the victory of the Allies and whose flag was flown by a famous battle cruiser, the gift of a sister Dominion. Lord Jellicoe's many distinctions were reinforced by great charm of personality. He was universally popular. Whenever he spoke he revealed keen insight into the strength and weakness of the Australian character, and a readiness to appreciate our social and economical difficulties, difficulties which the coincidence of his visit with the prolonged seamen's strike made specially obvious. Such an attitude of mind ensured for him sympathetic attention alike when he insisted on his belief in the overwhelming importance of sea power to Australia and when he urged the need for sacrifice in

Australia

order to maintain it. Whatever criticism may be directed against the report, the visit was a personal success of a high order.

The same qualities of insight and sympathy are conspicuous in those chapters of the report which deal respectively with discipline and with administration. No one could speak with greater emphasis on the need for discipline as a vital element in naval efficiency or on the dangers of political interference. Lord Jellicoe does not disguise his fear that both these dangers may arise in Australia in a degree sufficiently serious to jeopardise the future of the Australian Navy, but his method throughout his investigation has been to inquire into causes as well as to indicate defects. He finds that political interference is tolerated, not because of an ineradicable defect in the national character, but because of a failure to appreciate the vital importance of naval defence, a failure caused partly by the strength of the British Navy and partly by the isolation of Australia from the former danger centres of the world. It may be disclosed in one of two ways—either through the Minister for the Navy ignoring his expert advisers in matters of policy, or through decisions on matters of discipline being overridden at the instigation of Members of Parliament. On the first of these points Lord Jellicoe had before him the report of a Commission which had commented adversely on the tendency of the Minister for the Navy to override the expert members of the Naval Board, and the reply of the Committee of the Cabinet insisting on the sole responsibility of a Minister to Parliament. He suggests as a medium course that naval members of the Board should be allowed, in the case of a dispute, to have their views put before Parliament through the Prime Minister. The method may be no more acceptable to Ministers than the proposals of the Commission. Probably satisfactory relations between the head of a Department and his advisers depend less on any hard and fast rule than on the good sense of the Minister for the

Lord Jellicoe's Report

time being. Lord Jellicoe, perhaps, has given scarcely sufficient consideration to the relations which have always existed in England between the First Lord of the Admiralty and the First Sea Lord.* But a warning issued by one of the highest authorities in the Navy that naval officers will resign, and will not easily be replaced, if they are frequently overruled in matters either of policy or of discipline must have its effect on any Ministers who take their responsibilities seriously.

The question of discipline is approached in the same spirit. In one paragraph of his covering letter he says "I have heard it stated that Australians will not submit to discipline. It is impossible to believe that those who give expression to such an idea are really acquainted with the nature and object of the discipline which they criticise." The advice given to Australians in this part is ideally fitted to persuade them not only that discipline is vital to their safety but that they are well qualified to accept it. It appeals to the spirit of good comradeship which was conspicuous in the A.I.F. It is addressed to officers of all ranks as well as to the lower deck; it emphasises not only the duty of obedience, but the duty equally incumbent on an officer of studying the feelings of his subordinates, of denying himself any privileges which are not open to them, and of himself being ready for any duty which he is likely to call upon them to perform. There could be no better refutation of the opinion, by no means rare in this country, that a British naval officer, however high his attainments, is ill-fitted to understand the character of Australian seamen, nor could any words have been better chosen to deal with the real enemies of discipline in Australia, the sense of class antagonism and the idea that disobedience, whether to an employer or an official, is the natural emanation of an independent spirit.

* See the dissenting report of Mr. Andrew Fisher, High Commissioner for Australia on the Dardanelles Commission, and Lord Fisher's "Memories," p. 58.

Australia

The object of Lord Jellicoe's visit was originally defined by the Admiralty in the following somewhat vague terms :—

To advise the Dominion authorities whether, in the light of the experience of the war, the scheme of naval organisation which had been adopted or may be in contemplation shall be modified, either from the point of view of the efficiency of that organisation for meeting local needs or of that of ensuring the greatest possible homogeneity and co-operation between all the naval forces of the Empire, and should the Dominion authorities desire to consider how far it is possible for the Dominions to take a more effective share in the naval defence of the Empire, to give assistance from a naval point of view in drawing up a scheme for consideration.

Although this mission was arranged at the request of the Australian Government, it is apparent that in framing these terms the Admiralty contemplated subsequent visits to New Zealand and Canada. They were subsequently set out with greater clearness in relation to Australia by the Acting Prime Minister under the following general heads :—

(a) Naval strategical problems affecting Australian waters and the Pacific.

(b) Future composition of the Australian navy.

(c) Naval base and supply of requirements in the Pacific and East Indian waters, and general organisation of the naval forces and administration.

Those parts of the report which deal with naval bases and naval strategy and with questions of detail, such as the utility of submarines in Australian waters, in view of extreme depths of some waters and extreme heat of others, necessarily remain confidential. The report as a whole rests on certain assumptions, some of which it was necessary to make in order that the problem of Imperial Defence might be considered at all ; others of which depend on future contingencies which it was not within Lord Jellicoe's province to discuss. He assumes that the Empire will remain united in future wars, or at all events in all wars threatening its existence, that no scheme of international

Lord Jellicoe's Report

disarmament will be agreed upon in the near future, and that the members of the British Commonwealth will be at liberty to arrange among themselves a common policy and a common system of defence, notwithstanding the establishment of the League of Nations. He further assumes that the Australian policy of local navies promulgated in 1909 will be maintained, and that, although the defeat of Germany has removed the necessity of concentration in the North Sea, financial reasons will prevent the British Navy from taking the preponderating share in the defence of Eastern waters which was assigned to it under the former naval agreement. He further states as facts requiring no elaborate discussion that war experience has shown the necessity of the Empire possessing much greater naval strength abroad than has been the case during the present century, and with all the emphasis to be derived from his rare use of italics that "*Australia is powerless against a strong naval and military Power without the assistance of the British Fleet.*"

The report, so far as it relates to Australia, may be regarded as an attempt to reconcile the policy of local navies with the requirements of efficiency and safety. The outstanding defects of local navies are divided control in peace, if not in war, and the danger of inefficiency arising from a restricted area of intercourse and of competition. Lord Jellicoe's plan for meeting the first of these dangers is to establish an Imperial fleet in Eastern waters and to give the supervision of all naval affairs in these waters to a high naval officer with no sea-going duties, to be stationed at Singapore. The proposal had been foreshadowed in England in a speech delivered by Colonel Amery before this report had been published. It is supported by the following sentence of the covering letter:—

The waters between Africa to the West and America to the East must be taken as a whole. All portions of the British Empire situated in these waters are equally interested in their security as regards sea communication.

Australia

And again from the Report :—

Whatever improvement takes place in the method of communication between the British Admiralty and the far East, it is inevitable that the great distance must result in difficulty and delay. A point of still greater importance is the lack of such intimate knowledge by the Admiralty of far Eastern questions, political, naval and military, as will be possessed by those on the spot. It was very clearly exemplified during the late war that it was difficult to visualise and realise at a distance of even some 3,000 miles the conditions existing in the theatre of war. It will be far more difficult to realise these conditions if the theatre of war were, say, 10,000 miles distant.

The Singapore fleet will include ships of the Royal Navy, the East Indies Squadron, and any vessels furnished by Canada, New Zealand and the Malay States, stationed in far Eastern waters. Its purpose will be to keep communications open, to provide convoys, and to drive the enemy from the seas. But in addition Australia will require local forces capable of fighting a delaying action, and of resisting invasion before help from the main fleet could be obtained. Lord Jellicoe does not guarantee that in time of war British ships could remain in Eastern waters, and he points out :—

Australia is faced with the problem of invasion due to the attractions offered by the great potential value of the land and the very small population occupying it. The difficulty of guarding Australia against invasion is greatly increased by the fact that the population of the Commonwealth is so small, by the absence of strategic railways, and the great distance from the Mother Country with its naval and military support.

Lord Jellicoe therefore divides Australia's requirements into three classes—striking force, direct defence of trade, and harbour defences—and he lays down a programme which, when finally carried out, will equip Australia with two fleet units, a trade defence fleet of four light cruisers and eight armoured local ships, and a harbour defence force of twenty destroyers, 10 submarines, 82 mine sweepers (of which 74 should be fishing trawlers), and 4 boom defence vessels.

Lord Jellicoe's Report

This scheme is based on the conviction, apparently held by the advisers of other great naval Powers, that the capital ship is still the most powerful instrument of naval warfare. It prescribes what the writer considers the minimum standard for safety, but the minimum is extremely costly, and the cost to each Dominion in comparison with former estimates is relatively higher because for the first time it is assumed that the Dominions will take a share of the cost proportionately equal to that taken by the United Kingdom. On this basis, after making allowance for the special interest of Australia in the Pacific, the share of Australia is fixed at 20 per cent., of New Zealand at 5 per cent., and of the United Kingdom at 75 per cent., leaving Canada free to contribute to the defence of her own coasts and of her Atlantic trade, and South Africa to maintain communication by way of the Cape. On this basis the cost to Australia for maintenance and construction will fluctuate until 1926 between £4,000,000 and £6,000,000 per annum.

In many passages Lord Jellicoe insists that money will be wasted on maintenance and construction unless the *personnel* of the Fleet is maintained and kept efficient. He makes valuable suggestions for recruiting and education, aiming to give the navy the benefit of a full twelve years' service, and to give the seaman the assurance of a career when his term is at an end. In order that a high professional standard may be preserved, he discusses three suggestions for the promotion of officers :—

(1) All executive officers of the Royal Navy, the Royal Australian Navy, and the navies of such other Dominions as follow Australia's example, to be placed on one list from which they should be promoted to the ranks of Commander and Captain by selection, as is the case in the British Navy to-day ; or

(2) To make the list of officers common only after the rank of Lieutenant-Commander or Commander is attained ; or

(3) To keep executive officers on a separate list for each navy and to give Dominion officers experience in large fleets and in the Royal Navy by frequent interchange with officers of the Royal Navy.

Australia

Lord Jellicoe favours the first plan, but acknowledges that it may not be acceptable in the Dominions. Both the first and second involve a considerable abrogation of Australian control in favour of the Admiralty, and the third is open to the fatal objection that the more ambitious British officers object to serving in a small navy, and that none but the ablest are equal to the task of accommodating themselves to Australian conditions.

The arguments for and against this scheme no doubt involve the consideration of Imperial and inter-Imperial policy, which may be deferred to an Imperial Conference. Armaments depend on policy, and these armaments must be regulated by the competition now in progress between Japan and the United States and by our relations with these two Powers. Perhaps Lord Jellicoe or Colonel Amery believes that a sufficiently strong argument is supplied by the naval preparations of Japan. If such a belief were correct, then no complaint could be made of their cost, either by those statesmen who urge that Australia should have a share in directing the foreign policy of the Empire, or by their opponents who claim for her complete self-determination. The report has the great merit of bringing the people of Australia face to face with the possibilities of their position. It conceals none of the burdens of naval autonomy and none of the obligations of membership of the British Commonwealth. Perhaps for that reason it has received little attention at the Federal Elections. Indeed it has scarcely been mentioned, unless a demand for full local control in the manifesto of the Labour Party can be said to be directed against this report. But the causes of neglect are not merely temporary. It is one of many signs that we are not yet accustomed to the responsibility either of autonomy in defence or of participation in the conduct of foreign affairs. We are not able to realise the dangers against which this scheme is intended to guard, or indeed whether any such dangers exist. There is no sense of a present menace in Australia similar to that

The Federal Elections

which secured a high rate of naval construction in Great Britain in the years preceding the war. Necessarily there was no discussion of foreign policy in this report, but it needs a thorough exposition of foreign policy to convince people that the maintenance of great strength in Eastern waters is necessary either for Australia or for Great Britain. Again, since Lord Kitchener's visit, Australia has been treated not as an island but as a continent. Defence for us has meant the training of land forces, and we have not yet realised the truth, on which Lord Jellicoe insists, that our safety lies in maintaining control of the seas. It is another reason for desiring a larger circle of readers for this report, that the party which foreshadows a complete, though ill-defined, self-determination is the party which alludes most often to an Eastern danger and claims it as a reason for dissociating ourselves in defence from the Admiralty and politically from any form of Imperial control.

III. THE FEDERAL ELECTIONS

IN Australia, although all electorates vote simultaneously, some time must always elapse after the date of polling before complete results can be ascertained. Country constituencies are widely scattered, and in some cases almost equally divided. The state of the polling, therefore, may depend on the last return from the most isolated township. The position of candidates for the Senate, for which each State votes as one three-membered constituency, may vary from day to day over a period of some weeks. The reasons for delay have been increased this year by the introduction of a system of preferential voting for both Houses. It has been necessary, therefore, to write this article without knowing the exact position of parties in the new Federal Parliament, which was elected on December 13, 1919.* It is clear, however, that, while the Nation-

* See Note at the end of the article for final results.

Australia

alist Government will remain in power with a substantial majority over the Labour Party, it may be dependent on the new Farmers' Party for an actual working majority in Parliament. The farmers, while insisting on the independence of their representatives, have promised a general support for the Nationalist Government. The farmers' representatives have polled well, though not so well as was anticipated. The official Labour Party, however, has suffered a severe disappointment. There has been no general reaction against the administration which held office during the difficult period of the war, nor is there any indication that those members who left the Labour Party with Mr. Hughes have lost the supporters who voted for them in the "Win the War" Election of 1917.

The preferential system was introduced to prevent the election of a candidate with a mere plurality vote. It is the device of a party which has always suffered by comparison with its opponents from lack of discipline ; but it does nothing to make Parliament more representative of public opinion, and thereby to increase its authority. A very slight majority in the constituencies may still be represented by a very large majority in Parliament. The disparity is especially noticeable in the Senate. Although parties may be almost equally divided, in each State one party may elect all three Senators and the other none. It is felt that the Government have lost an ideal opportunity by preferring the preferential system. The Senate especially would have benefited by proportional representation. It might have become a genuine reflection of public opinion instead of being the echo of the House of Representatives which it is to-day. And this change could have been made without any redistribution of seats, since the Senate is composed of six representatives from each State, three of whom are elected at each general election. By their failure the Government have left themselves exposed to the charge that no change at all would have been made

The Federal Elections

but for the decision of the Farmers' Party to support candidates of its own, whose second preferences would be given to the Nationalists.

The Farmers' Party began to show its strength in Victoria at by-elections during the last Parliament. It was the outcome partly of a belief that the interests of primary producers should be specially represented, and partly as a protest against undue interference by Government with trade. The farmers claimed to have suffered from the handling of their wheat and butter during the war, and were alarmed by some suggestion of Mr. Hughes that in pursuance of his scheme of destroying the middleman the precedent would be followed in time of peace. Their strength in the country cannot be ascertained until it is seen what support has been given to their candidates for the Senate. But the signs of their growing strength in the constituencies won them the support of a number of Nationalists in the last Parliament, and were very welcome to those members who strongly resented the increasing subordination of Parliament to the Executive.

The Federal Parliament was dissolved before its full three years had expired, because, in the opinion of the Prime Minister, it had exhausted its mandate and had no authority to deal with post-war problems. The Nationalist coalition had been formed to enable Australia effectively to co-operate with the Allies during the war, and there was no necessary agreement among its members on any other point. Mr. Watt, who, during Mr. Hughes's absence at the Peace Conference, had carried out the thankless duties of an acting Prime Minister with full responsibility, but without liberty of action, had expressed a somewhat different opinion. In view of the seamen's strike, the leaders of which had uttered threats of revolutionary action, and of many other expressions of contempt for the authority of Parliament and for the decree of the Arbitration Court, he had urged that the Coalition should remain in existence for the defence of constitutional government. Mr. Hughes,

Australia

however, on his return declared that he did not know which party he belonged to, and was himself still a Labour man and a Socialist. He had left Europe at a time of great industrial disturbance, much of which was attributable to the high cost of living and to the resentment aroused by disclosures of extortionate profits. He realised that the same conditions of class hatred, uncertainty, and general apprehension existed in Australia, and, before leaving, announced his policy as death to profiteers and Bolsheviks. Mr. Hughes appears to have sincerely believed that, with a policy stated in these general terms and on the strength of his achievements in Europe, he would be given the position of a National leader with full authority to cure the ills of the Commonwealth; but conferences with friends and colleagues appear to have convinced him that except as a member of the National Party there was no place for him in Australian politics, and he found the Nationalist Party by no means united. Some of its members, including members of the Government, were apprehensive of the effect on trade and industry of an indiscriminate campaign against the profiteer; others resented his dictatorship and his tendency to ignore Parliament, and even his own Cabinet, in important transactions. There was no attempt to supersede Mr. Hughes in the leadership, but his followers, while admitting his strength of personality, were by no means confident that they would be able to accept all he might say or do.

The Labour Party in Parliament was weak, both in numbers and in ability. Its leader, Mr. Tudor, had never any standing outside the State of Victoria, and during the referendum on conscription had been overshadowed by Mr. Ryan. But its strength was thought to be much greater in the country than in Parliament, and to have been increased by a widespread, though vague, belief that the Government had not been sufficiently alive in dealing with the cost of living or in taxing profits made during the war. A change was made, therefore, in the

The Federal Elections

leadership by the appointment of Mr. Ryan, then Premier of Queensland, to the novel office of campaign director, so that Mr. Tudor retained his dignity while losing his importance. Mr. Ryan brought to the party both energy and resource. He appealed to every instinct of self-interest and to every sense of grievance. But his record, both as Premier of Queensland and as a would-be leader of Australian opinion during the war, was fatal to his success. He had shown himself a man of no convictions, willing to trim his sails to any breeze of popular favour. His record in Queensland was a proof that the methods by which he had gained and kept himself in office must in the long run be fatal both to orderly government and to financial stability. Mr. Ryan, no doubt, stirred the enthusiasm of those Irish voters who had applauded him and Archbishop Mannix during the conscription referendum. But they would have voted against the Government under any leader, and the racial and religious emotions on which they voted impelled many others to vote against Mr. Ryan. His appearance undoubtedly consolidated the Nationalists, and probably gained them the support of some electors who on industrial issues would have been inclined to sympathise with Labour. In an election which, as it developed, became very much a personal contest they found it impossible to vote for a man who in the darkest hour of the war had been associated with a resolution that Australia should no longer participate in the sacrifices of the Empire and of its Allies.

In his speeches delivered before the opening of the campaign Mr. Hughes appealed for support on three main grounds. He claimed to have represented the true spirit of Australia during the war, and to have defended her interests successfully at the Peace Conference. He appealed to the returned soldiers as the protector of their special interests. He prescribed a gospel of work and increased production, and he promised in equally vague terms to remove the legitimate causes of industrial dis-

Australia

content. In order to fulfil this last promise he claimed that new powers should be conferred on the Commonwealth Parliament, so that it would be able to deal with trade and commerce within as well as between the States, and in particular that it should have power to regulate prices and control monopolies. Price-fixing during the war had been sustained by a decision of the High Court, which, somewhat unexpectedly, had treated it as an exercise of the power of defence. But it was claimed that unless the Constitution were amended the control of intra-State trade and commerce, including the right of price-fixing, would revert to the States. Here, however, Mr. Hughes had an experience of the difficulties of his position as a Nationalist leader. The party was agreed that the time had come for a general revision of the Constitution, and on the whole, that if prices or wages were to be regulated by law, the task should be carried out by an authority having jurisdiction over the whole of Australia. But it was as a whole opposed to so extensive and indefinite an increase of Commonwealth power as had formerly been championed by Mr. Hughes; and in all the States but Queensland it had a majority in the State Parliament. Mr. Hughes was compelled, therefore, to propose a bargain with the State Premiers in order to prevent a schism within the party. After negotiations with them which were not wholly successful, he proposed that the Commonwealth should be entrusted with authority to deal with what he described as the aftermath of the war, that a referendum should be held at the General Election by which the necessary additional powers should be secured for the Commonwealth, that these powers should be exercisable for a limited period only, and that before the end of 1920 a Convention should be held to prepare a general scheme of constitutional revision. This compromise was supported by the Nationalist members in the Federal Parliament, and was accepted by some Labour members as a step towards unification which could not be retraced without consider-

The Federal Elections

able difficulty. But it was never accepted by the Nationalists in the country, and it was opposed by the farmers, not on constitutional grounds, but because it foreshadowed the increase of government interference with trade and commerce.

The Labour manifesto furnishes documentary evidence of the decline in political vision and in sense of responsibility which began in the party at the time of the first conscription referendum, and has not since been arrested. It contains a series of promises without suggestion of the means necessary for their redemption. Offers are made to invalids, old age pensioners and others involving new expenditure to the amount of some seventeen millions per annum. The Government is to take control of banking and insurance businesses to an unspecified amount. The compulsory system of naval and military training is to be abandoned in favour of a voluntary army on a more democratic basis. This proposal is followed by a demand for the more complete self-determination of Australia, and for a change in her position as a member of the British family of nations. There are the usual denunciations of profiteers and high prices. By whatever hand the manifesto was drafted, the spirit is the spirit of Mr. Ryan. Greatness is promised without sacrifice, and ease without work. The clauses are drafted as if designed to arouse the hopes of every interest without antagonising any, and as if it were expected that no one section of voters would look beyond the immediate satisfaction of its own claims.

The campaign began with an incident which, unfortunately, can be regarded as to some extent characteristic of both leaders. Mr. Hughes, on his return, declared himself to be the friend of the soldiers, and had promised to do for them whatever they asked. He was no doubt sincere, but the promise was stated in the same vague terms as his other proposals. Shortly afterwards the New Zealand Government made a promise to pay the members of the Expeditionary Force a gratuity of 1s. 6d. per day. There-

Australia

upon the soldiers demanded that Mr. Hughes should translate his promise into action and make a gift to them at the same rate. When it was officially estimated that the amount involved was £25,000,000 some few newspapers ventured to hint at the consequence of such a gift. It was pointed out that the payment could not be made immediately without increasing the note issue, and thereby increasing the cost of living, and that it could not be raised by loan without depressing the loan issues already made. Mr. Hughes, however, announced that the payment must be made, and stated that it would take the form of non-negotiable bonds, which would be taken at their face value for repatriation purposes. He did this without consulting Parliament, but except on that score no protest was made. Mr. Ryan, however, saw his chance, and announced that the Labour Party would pay the same amount in cash. Meetings of protest were at the same time held in the State capitals by organisations of soldiers, in which the Government were threatened with the loss of the soldiers' vote if they did not equal Mr. Ryan's offer. Thereupon began a competition between the two leaders in which the last thing considered was the interest of the community as a whole. Ultimately the Government made an arrangement by which bonds were to be taken at their face value by certain large employers, and the greater part were to be redeemed out of the first instalment of the German indemnity. The incident is typical of the methods of both leaders. Mr. Hughes acted as an autocrat. He evidently imagined that his first offer would be sufficient, but was ready to change from day to day in order not to lose support. Mr. Ryan was ready to outbid him whatever he offered. No one reaped any credit from the competition. It is due to the soldiers to say that the greater number refused to take any part in what looked like an auction sale of their interest in the country to the highest bidder.

This incident is also in one respect typical of the spirit

The Federal Elections

in which the campaign was conducted between the two leaders. It became very largely a personal contest between Mr. Hughes and Mr. Ryan. Mr. Hughes insisted on his services as the defender of the White Australia policy at the Peace Conference and on Mr. Ryan's lack of loyalty or patriotism. Mr. Ryan's general answer was to say that Mr. Hughes had imposed unnecessary sacrifices on Australia, and that the Nationalist Government was incapable of dealing with profiteering through its association with large commercial businesses. The respective records of Mr. Ryan and Mr. Hughes were very relevant topics for the electors to consider. But the prominence given to them made genuine political discussion impossible. There was scarcely any criticism by Labour leaders or by Ministers except by Mr. Watt, who had an easy task in showing up the weakness of the Labour manifesto. The attention of the electors was never seriously directed to the crying needs of the country, to its growing taxation, to its heavy burden of debt, to disclosures of extravagant expenditure, which have been made during the war by one commission after another, or to the steady decrease in production which has been caused mainly by the drought, but partly by the attraction of loan expenditure in the big cities. It would be untrue to say that the new Parliament will suffer in quality by the absorption of the party leaders in these recriminations. The Labour Party in Queensland, at any rate, has lost the votes of the extreme or Bolshevik section. But the Nationalist victory has not been a complete triumph for Mr. Hughes. The defeat of the Government referendum proposals is certain. Mr. Hughes will not have the powers for which he asked, and will not be able to deal with industrial discontent, except through existing machinery and a limited improvement of the arbitration system. The electors have refused to give him authority without being told how he would use it. Parliament, moreover, will be independent of the Executive; it will insist on economy and on the almost forgotten right of

Australia

supervising expenditure and proposed Bills. So far as public opinion has been able to make itself heard during the elections, it has insisted on the need for Parliamentary independence and for economy. Mr. Hughes will not easily submit to any check on his dictatorship ; but he can console himself by remembering that his chief critics among his supporters, the farmers' representatives, have insisted in the opening of their election programme that Australia shall retain its place within the British Empire, and that, whatever other interpretation may be given to the election figures, they have shown that the people of Australia will not tolerate any weakening of the Imperial tie. His has been a defensive victory, in which the majority have shown a full realisation of the dangers of misgovernment without giving unqualified approval to any policy.

Australia. December, 1919.

NOTE.—The final figures of the General Election in Australia show the following result :—

<i>House of Representatives.</i>					
Nationalists	..	..	..	..	40
Farmers	..	..	..	..	9
Labour	..	..	..	..	26
					—
					75
<i>Senate.</i>					
Nationalists	..	..	..	..	35
Labour	..	..	..	..	1
					—
					36

SOUTH AFRICA

I. THE COMING GENERAL ELECTION

THOUGH no date has yet been fixed for the general election it is generally believed that it will take place before the end of March. In the ordinary course of events the present Parliament would continue in existence till October. The Government, however, evidently (and very naturally) does not desire to face another session. It does not command a majority in Parliament. It has depended for its existence since the last election in 1915 on the support of the Unionist Party, but that support was given solely on account of the war and cannot any longer be counted upon. To meet an expiring Parliament, in which every party would be bent on making capital for the coming election, without a majority within its own ranks, is a course which no Government would willingly take. The only alternative is an immediate dissolution, because the financial year ends on March 31, and before that date a vote of supply must be taken for the coming year. Either the present Parliament or a new one must therefore meet before March 31.

It is not quite clear yet, however, if the necessary machinery for a general election can be got ready in time. A new delimitation of the constituencies of the Union has just taken place. It was delayed owing to war exigencies for two years beyond the time at which it would normally have taken place, and the judicial commission which was appointed last year to carry out the delimitation only reported at the very end of the year. Their report indeed was not published until early in January. The work of preparing the voters' roll in accordance with the new

South Africa

delimitation will certainly take most of the time between now and the beginning of March, and, indeed, will only be done by then under the spur of urgency. The probabilities, however, are that it will be done, and that a new Parliament will be elected in time to sit in March.

At the end of the special session which took place in September last, General Smuts (as was recorded in the last number of *THE ROUND TABLE*) made a moving appeal for national unity and for an effort to get away from racial lines of political division. He asked for the recognition of three principles as a basis of such unity—(1) the maintenance of the British connection ; (2) frank, honest and whole-hearted co-operation between the white races, and, (3) concentration on a policy of industrial development. This appeal was at once responded to by Sir Thomas Smartt, on behalf of the Unionist Party, who stated that his party readily accepted these principles for the future as they had in the past. This statement of the Prime Minister's, and the reply of Sir Thomas Smartt, were taken generally as an indication of a policy of co-operation between the two parties in face of the Nationalist attack on the Constitution .It was known to a good few of those who actively interest themselves in public affairs that the late General Botha had favoured some such step, and it was naturally supposed that his successor had made up his mind to carry on the policy of the dead leader. Beyond the circle of those who may be called politicians in the narrower sense there was a widespread feeling in the towns and industrial centres and in certain country districts, that the time was now ripe for some such step. It was felt that the constitutional agitation raised by the Nationalist propaganda was fatal to the peace of the country, and stood in the way of proper consideration being given to our domestic problems, to say nothing of the new and difficult issues raised by the Treaty of Peace and the Covenant of the League of Nations. What therefore could be more natural or reasonable than that those who stand for the mainten-

The Coming General Election

ance of the Constitution, and believe that to be the most important question now before the people, should come together as a party and do their utmost at the forthcoming election on a common platform to secure a clear pronouncement from a large majority of the people against the Nationalist attack on the Constitution? The expectations of the people who held this view were heightened by speeches delivered by General Smuts after the prorogation of Parliament, notably one addressed to his constituents in Pretoria, in which he said that he was tired of the old party war cries, and that if they wanted to carry on the politics of the country on the old lines of the last 20 years, he would have nothing to do with them.

So far there has been no clear proposal put forward even by those most in favour of co-operation between the parties as to the form which such co-operation should take, and even now there is a good deal of confused thinking on that subject. Since the election of the existing House of Assembly, that is, since the end of 1915, the Government of the Union has been carried on by a party which did not possess a majority in the House. The Government was able to carry on because the Unionist members were returned pledged to support General Botha's Government in seeing the war through. Without Unionist support the Government could not have lasted for a week, and the support was given without the party obtaining or asking for any share in the responsibilities of office. There was no condition to it except that the Government should do their best to help the Imperial Government to win the war. Now that peace has come, and the country is faced with a serious political crisis, the ordinary citizen is apt to ask why the two parties whose main principle is to support the constitution cannot just go on as they were. A little consideration, however, makes it clear to those who take the trouble to understand party politics that any "co-operation" between the two parties must take one of two forms. Either there must be a combination or amalga-

South Africa

mation of the two parties to form a new organisation, and to appeal to the people on one platform, or one of the parties must disappear in the other by a process of simple absorption. For the Unionist Party to continue to give its support to the Government in Parliament without any share in deciding what the Government policy is to be, and without any voice as to how it is to be carried out, would be to commit political suicide. We may therefore dismiss from consideration any idea of "co-operation" which does not take one of the two forms mentioned—which for convenience may be named amalgamation and absorption.

At the General Congress of the Unionist Party, held at Bloemfontein in the last week of October, the decision of the party as between these two alternatives was very clearly and emphatically expressed. The leader of the party stated that he was prepared, on behalf of his party, to agree to the formation under the leadership of General Smuts of a new organisation, having as its main object the maintenance of the Constitution and providing fair representation for Unionist principles. But he was not prepared to advocate the absorption of the party in the South African Party. This pronouncement was received with acclamation by the most representative Unionist Congress that has been held since the formation of the party. The next move was with General Smuts, and it was not an easy one. The South African Party, though it contains a certain number—of late, perhaps, an increasing number—of dwellers in the urban and industrial centres and of persons of British race, still looks for its real strength to the country districts, and to the Dutch section of the population. Of these the personal influence and capacity for leadership of the late General Botha kept many within the fold of his party to whose traditions and interests the Nationalist propaganda naturally made a very strong appeal. To these, and in a greater or less degree to the whole Dutch-speaking section of the party, the idea of a combination with the Unionist Party, while they were still divided from their own kin in

The Coming General Election

the Nationalist Party, was most distasteful. All their racial interests led them to regard re-union with the Nationalists as the true political ideal. Only by such re-union, as it seemed, could the Dutch-speaking people hope to maintain their influence in the country against the British element. Disunion could only mean the gradual subordination of all that they valued as a race. The first effect, therefore, of the movement towards each other of South African and Unionist Parties was to give a sharp stimulus to the movement for re-union (*bereeniging*) between the South African and Nationalist Parties, and various conferences were held with that object. There can be no doubt that such a movement appeals strongly to almost every section of the Dutch-speaking people, and the death of General Botha has removed one strong influence which kept the present South African Party together. The success of this movement would undoubtedly be a victory for the forces of re-action. It would produce a party numerically strong, but kept together solely by racial feeling, and would certainly call into being a similar organisation on the British side. Parties would again be divided on the racial line, and the question of the maintenance of South Africa's membership of the Empire would again be a question of British against Dutch. General Smuts, at the General Congress of his Party in December, put the position quite frankly before them when he said that: "Reunion with the Nationalists at the present moment would mean securing the political predominance of the Dutch at the expense of the peace and unity of South Africa, and he refused to pay the price." At the same time, he has evidently made up his mind that any attempt at combination with the Unionists would give an impulse to the movement for racial re-union, which he would be unable to control, and which might carry the majority of the Dutch-speaking supporters of the South African Party over into the Nationalist ranks. He has, therefore, decided to go to the electors on the old and much deprecated

South Africa

party lines, and his appeals for unity are now directed to obtaining accessions to the ranks of the South African Party, chiefly from the Unionists, to whom he still professes to look for "co-operation" in some undefined way in supporting the Government.

Four parties will therefore confront the electors—or five, if the Internationalist Socialist Group succeeds in nominating enough candidates to be worth counting. How the new Parliament will be divided as between them it is difficult at present to form any accurate forecast, but it is extremely improbable that any one of them will obtain a majority. It may be expected that the Labour Party will come back considerably stronger than it is now. At the last election it only succeeded in returning three members. It has gained two at by-elections, but it is safe to say that its present number does not adequately represent its voting strength in the country. The Nationalists also confidently expect a considerable accession of strength. The gains of both these parties will be at the expense of the South African Party and the Unionists. If this forecast is realised, General Smuts will be faced again with the problem of how to carry on the Government. Union with the Nationalists on the one side or with the Unionists on the other side, will again be urged on him by the respective wings of his party, and the only alternative to one or other of these courses will be another dissolution and a second election at which the same problem will come up for solution. It is indeed one which must be disposed of before we can have stable government in South Africa. Postponement does not get away from the essential facts of the situation, and the sooner this is realised the better it will be. The present political situation is one of unstable equilibrium, and cannot provide us with a Government strong enough to bring us through the critical position in which we are. It gives an air of unreality to political divisions and deprives Parliament of authority and even dignity at a time when its claim to be the real council of the nation is being called

The Indian Problem

in question. We are going into this coming election without any effort to adjust the old political divisions to the new realities, and it is too much, therefore, to expect from it a more stable condition than we have now. The arts of the politician and the party manager will bring us to no good in our present situation. What we need is a little of the statesman's vision, combined with the courage that has confidence enough in the future to risk present defeat.

South Africa. January, 1920.

II. THE INDIAN PROBLEM

THE Asiatics Trading and Land Act, passed by the Union Parliament some months ago, has again drawn public attention to the general position of the British Indians resident in South Africa. Strong protests from the South African Indian community against the Act have inevitably given rise to sympathetic agitation in India; and the indignation of Indian subjects of the Crown, whether or not it may be justified by the facts, has received public and official support and encouragement in England. The Secretary of State for India, in replying to a representative deputation of Indians and of Englishmen associated with India, expressed himself as being in complete sympathy and agreement with their denunciation of the Act, and declared that he saw "legitimate grounds for the gravest disappointment at what had occurred." Sir William Meyer, who was a member of the deputation, advocated the adoption in India of retaliatory measures against the Union. Unofficial criticism has been no less vigorous. Mr. H. S. Polak, who, though not himself an Indian, was the recognised leader of the Indians in South Africa for some years after Mr. Gandhi's return to India, has published a statement of the questions at issue as he sees them, and has suggested that unless they are settled within the Empire India may be driven to refer them to the League of Nations.

South Africa

No one can wish to enter into any bitter and unprofitable controversy on this subject. We must all recognise that, at the moment when India is receiving a new charter of liberties, any action against Indians anywhere which bears the appearance of oppression must have a profoundly disturbing effect on the minds not only of the people of India but of all those who are responsible for the government of our Indian Empire. In so far as our Imperial policy fails to prevent the alienation of Indian opinion from the public sentiment of a great Dominion, that policy must be considered to have failed. On the other hand, if we are ever to compose the differences which now divide India from South Africa, we must have a clear understanding not only of the facts but of the motives underlying those differences. An attempt will be made in this article to explain the nature of the recent South African legislation, in what circumstances and on what grounds it was enacted, the fundamental problems created by the presence of a British Indian population in the Union, and the direction in which a solution of those problems must be sought. It has been implied, if not implicitly stated, in much of the criticism directed against the recent Union Act that the policy of the South African Government and Parliament towards Indians and the coloured races generally is one of senseless persecution. It is not difficult to demonstrate the injustice, indeed the absurdity, of such a view. Whether right or wrong, the Indian policy of successive Governments in South Africa has been on the whole intelligible and reasonably consistent. The questions dealt with by the recent legislation have confronted every Government in the Transvaal in the last thirty years, and have been solved by none, whether Dutch or English. The policy of the Crown Colony Government after the Boer war was not distinguishable in this respect from that either of the earlier Republican Government or of the later Dutch Government under General Botha. Nor is there to-day any essential difference

The Indian Problem

between the treatment of Indians in the Union on the one hand and on the other in territories such as Basutoland and Bechuanaland, which are under the direct administration of Great Britain, or Rhodesia, where legislation is still subject to the real as distinct from the nominal veto of the Crown.

History of the Problem

The introduction of British Indians into South Africa dates from the early seventies, when the Government of Natal began to engage men in India to work as indentured labourers on sugar and tea plantations in the Colony. For this fatal decision to seek recruits overseas for the already overwhelming coloured population of the country the Government of India must share the responsibility with that of Natal. It was their deliberate policy, persisted in until so recently as 1911, to encourage emigration to South Africa. The policy of the two Governments has left a legacy of almost insoluble political and social problems; it cannot even claim to have been an economic success. The sugar industry indeed has flourished, but it owes its prosperity far more to an extreme protective tariff than to the Indian labourer, whose place has been to a great extent taken by the Zulu. Tea-planting in Natal is to-day moribund; the delicate work which it involves is beyond the capacity of the Bantu, and the doom of the industry was sealed when the stream of Indian immigration ceased to flow. For while some of the indentured labourers, after serving one or more terms of indentures, remained on the plantations as free workers, others returned to India, and the great majority sought a livelihood in Natal in occupations more congenial to their habits—as traders, hawkers, market-gardeners, waiters, or domestic servants. To-day fewer than 4,000 Indians remain under indentures. Many thousands of the Indians now living in South Africa were born in the country and have never been to India.

South Africa

In the early days of Indian immigration a certain number of Indians penetrated to the Transvaal and the Cape Colony, and there they or their successors may still be found. In 1911, the year of the last census, there were approximately 150,000 British Indians in the Union, and it is unlikely that this number has been increased by more than 10,000 or 15,000 since that date. Taking the 1911 figures, there were 133,000 Indians in Natal, 11,000 in the Transvaal, 7,000 in the Cape and 100 only in the Orange Free State.* In other words, nine-tenths of the Indian population of the Union are domiciled in, and therefore, as the law now stands, confined as to residence to, the one province of Natal, which from its tropical and sub-tropical climate offers them a more appropriate environment than any other part of the Union.

The question what position the Indians are to occupy in the South African State has been continuously present as a problem of government for more than thirty years. There have been lulls succeeded by crises, then lulls again. A long period of passive resistance to legislation culminated in 1913 in civil disturbances, which led directly to the settlement of 1914. That settlement included legislation and an agreement on administrative points between General Smuts and Mr. Gandhi. The legislation in effect prohibited the entry of any further Asiatics into the Union, a prohibition which was accepted as final by the Indian leaders; it recognised Indian marriages in certain cases; and it redressed certain grievances felt by the Indians in Natal. The administrative agreement was set out in public correspondence between the Government and Mr. Gandhi. After enumerating the administrative concessions which they proposed to make, the Government promised to apply existing laws affecting Indians "in a just manner, with due regard to vested rights"; but they added that

* The present European population of the Union is about 1,400,000; the native (*i.e.*, aboriginal) population probably about 6 millions; and the coloured population, excluding Indians and natives, possibly 600,000.

The Indian Problem

they regarded the agreement as conditional on the settlement of 1914 being "unreservedly accepted by the Indian community as a complete settlement of the controversy." In his reply, Mr. Gandhi not unnaturally made certain reservations. He welcomed the concessions offered and recognised their importance; but he pointed out that his countrymen had not obtained "full rights of residence, trade and ownership of land" in the several Provinces. He had refused to make their demand for these rights a part of his passive resistance programme, but in his opinion "complete satisfaction could not be expected until full civic rights had been conceded to the resident Indian population." He had advised his countrymen "to exercise patience and by all honourable means . . . educate public opinion so as to enable the Government of the day to go further than the present correspondence does." No attempt was made in this correspondence to define "vested rights." Mr. Gandhi, however, in a private letter written at the time to the Government, said that, while anxious not to restrict the future action of his countrymen by pressing for a rigid public definition, he wished to put on record his own interpretation of the term, to which the representative then in South Africa of the Indian Government had assented. His definition was as follows:—"By vested rights I understand the right of an Indian and his successors to live and trade in the township in which he was living and trading, no matter how often he shifts his residence or business from place to place in the same township." There the matter ended. This private definition was buried in a departmental file and until a few months ago its very existence was unknown either to the public or to the Magistrates and Mining Commissioners concerned with the administration of the laws affecting Indian rights of trade or residence.

It must be clear from this brief summary that the settlement of 1914 was in its nature not a final settlement. The Government promised just administration of the law,

South Africa

but they imposed a condition which they can hardly have believed would in the long run be satisfied. The Indians for their part looked confidently for a change in European public opinion, such as would enable them still further to improve their position. It would probably be fair to say that all reasonable men in South Africa at that time recognised that new difficulties would arise and would have to be met ; and that in meeting them they would be bound by no obligation except that of at least maintaining the Indian in the status which he had acquired in 1914. The present controversy relates to the most complicated and difficult of all the matters not finally settled in 1914—those very rights of residence, trade and ownership of land in the Transvaal to which Mr. Gandhi then referred. These three questions are bound up together. The Indian in the Transvaal is by predilection a trader ; wherever he desires to reside or to own land it is almost certainly for the purpose of trading. The three questions may be resolved into one : “ On what terms is the Indian to trade in the Transvaal ? ” The subject cannot be made intelligible without some reference to the laws of the Transvaal ; and at the risk of tiresome detail it is necessary to explain what the effect of those laws has been.

Transvaal Trading Laws

In order to trade in the Transvaal both Indians and Europeans require licences. These may be of many kinds. The basic licence, that of a general dealer, is issued, on payment of a fee, by an official of the Union Government, and the Courts long ago held that there is no power to refuse the issue of such licences merely on the ground of the applicant's colour. A general dealer, however, is scarcely equipped to do business unless he can sell articles of food and drink ; and for a licence to be a grocer, a butcher, a pedlar, a hawker, or a keeper of an eating-house for Asiatics or Kaffirs, everyone, European and Indian alike, must,

The Indian Problem

under a Provincial Ordinance of 1912, apply in urban areas to the municipal council. The council may refuse to issue the licence on the ground, *inter alia*, that "the applicant is not a desirable person to hold such a licence." An appeal is allowed to the Magistrate, a Government official, and unless the council can show "good and sufficient reasons" for its decision the Magistrate can order a licence to be granted and his judgment is final. For some years past it has been the practice of municipal councils to refuse most new applications by Indians for licences, and applicants have rarely appealed. A year ago, however, the Magistrate of Krugersdorp upheld three appeals by Indians in as many weeks, having satisfied himself that the council could have had no other reason for rejection than that the applicants were Indians—a reason which he properly regarded as neither good nor sufficient. The municipalities of the Province, threatened owing to these decisions with a flood of new applications from Indians, found their troubles aggravated by the rapid growth in the number of Indian owners of fixed property. Now a Republican Law of 1885, which is still in force, prohibits the ownership of fixed property by Asiatics in the Transvaal and indicates bazaars and locations as their proper abode. This law has been honoured entirely in the breach. Indians have never taken kindly to residence in bazaars, where their *clientèle* would be mainly restricted to their compatriots; and though these places have been appointed for them in many towns of the Transvaal, they rarely contain any Indians. The Indian preferred simply to evade the 1885 law. At first he did so by inducing a European to buy the property and to mortgage it to him for the purchase price, free of interest. In time a simpler and cheaper method was discovered. Indian A combined with Indian B, who might be his wife, and registered as a private company with limited liability the firm of A B and Co., Ltd. The Courts have held that a limited company, whatever the race or complexion of its shareholders, cannot possibly be an Asiatic, and these

South Africa

Indian companies have in the last few years sprung up like mushrooms and bought property in all parts of the Transvaal. There is a further complication. The Gold Law (*i.e.*, the Precious and Base Metals Act) of 1908 prohibited a coloured person from residing on or occupying any stand on proclaimed ground, except as a *bona fide* servant. The greater part of the Witwatersrand is proclaimed ground, as are also some of the larger urban areas in other parts of the Transvaal. This provision has not been consistently or at all actively enforced. It was meant to be enforceable only by the Government, and it was not realised that it was enforceable by any authority other than the Government until the Courts expressed a contrary opinion a year ago.

Such was the position at the beginning of 1919. The extension of Indian trading during the previous five years, the open evasion of the 1885 law, and a succession of judgments favourable to Indians on technical points had led to much public anxiety and some agitation on the part of Europeans. The atmosphere created by the war obscured many of these transactions, and aroused in the white population a general, if not universal, desire to postpone all subjects of racial controversy between the European and the coloured races. Hotheads, with an eye to their constituents, from time to time moved resolutions in Parliament and addressed indignant meetings; but the Government and the Opposition leaders united in suppressing such outbursts. It was clear, however, to all parties that trouble was brewing and that action could not be delayed indefinitely. Early in 1919 the municipal council of Krugersdorp precipitated a crisis by applying for and obtaining an injunction under the Gold Law restraining a European owner of property on proclaimed ground from leasing it to an Indian tailor. This success led to a general filing of applications for the eviction of Indians from proclaimed ground. The Indians, faced with ruin, petitioned Parliament for redress; and if they had not done so the

The Indian Problem

Government would have been obliged itself to take steps to put an end to a palpable injustice. Parliament appointed a Select Committee to consider the petition, and added to the terms of reference, as it was indeed bound to do if the inquiry was to be of any value, "the alleged evasion by Indians" of the law of 1885.

The Select Committee of 1919

The Select Committee heard evidence from Indians, municipalities, Government officials and other interested persons. Prominent Indians appeared themselves and were also represented by counsel. The evidence is remarkable not for conflicting testimony from Europeans and Indians—on no material point was the European version of the facts disputed—but for the opposite angles from which the witnesses approached the subject. The important facts established by the inquiry may be summarised as follows. There has been in recent years a great increase in the number of Indian applications for new trading licences, as distinct from renewals of old licences. During the same period Indians have more and more, through the formation of limited companies, come to acquire fixed property for business purposes in urban areas. Since 1914, 71 new general dealers' licences have been issued to Indians on the Witwatersrand and 18 new trading licences have been obtained by Indians in Krugersdorp alone, out of 78 applications made, half of which were by persons not previously resident in the municipal area. Again, whereas in 1913 only 3 limited companies with exclusively Indian shareholders were registered, the number gradually rose to 111 in 1918, and at the time of the inquiry (May, 1919) there were 370 of these companies with a nominal capital of £480,000. On the East Rand, where Indian traders a few years ago were practically unknown, they have now settled and bought up in some towns large blocks of property in central positions. This process has several

South Africa

effects. It leads in the first place to the progressive displacement and ruin of European firms which are unable to compete with the Indian. The overhead charges of an Indian business are on the average one-third of those of a European. The Indian lives vastly more cheaply, he pays his assistants much less, his whole standard of living is lower. In Krugersdorp—a small town of 12,000 inhabitants—two of the largest European firms have in recent years been driven into bankruptcy by Indian competition and their premises acquired by their Indian rivals. The number of European grocers in the town has sunk to four, that of Indian grocers has increased to twenty-seven. The same process can be observed all over the Transvaal. Apart from this, the Indian with his family and his assistants lives as a rule in a room at the back of his shop or in tin shanties in his yard. The conditions are unwholesome and insanitary and a menace to his neighbours. The spread of Indian ownership of property in a town invariably depreciates the value of all surrounding property to the detriment both of the owners and of the local authority. Having regard to these facts, European witnesses urged that restrictions on the development of Indian trading had become an economic necessity, and could be imposed without any breach of the undertaking to respect "vested rights" which was given to Mr. Gandhi in 1914.

The Indians and their counsel, in giving evidence, avoided arguments on economics. "They contended that the only point at issue was one of status—their status in the South African Commonwealth. They would never be content with a legal status lower than that of a European. They maintained that "the time had arrived not to speak of vested rights." They considered that "they were entitled, as far as their trade, residence and occupation were concerned, to the full rights of any citizen of South Africa." Amongst those rights was "an inherent right to trade"; and that inherent right even in a child yet unborn was one of those "vested rights" which the Government

The Indian Problem

undertook in 1914 to safeguard. At this stage the argument was dangerously near pure casuistry; but the witnesses raised it to a higher plane. They said in effect this:

We would remind you that we have never accepted the laws restricting our rights of residence, trade, and ownership of land. We have not ceased to protest that those laws are unjust and in the long run untenable. We have, therefore, not hesitated to evade them—if, indeed, a way recognised as legal round a law is to be treated as an evasion of it. And those evasions have had at least the negative sanction of being allowed to continue. Why should you not now put an end to them by repealing laws which have never been effective? You will reply that you fear to see the European trader ousted by the Indian. Admitting that your fears are warranted, who would benefit more than the poorer members of the white population? Ask yourselves why Indian businesses flourish to-day. Because Europeans are their best customers. If you are determined to preserve the European trader, the remedy lies in your own hands. You need only boycott the Indian to ruin him. Are you prepared for that? Is it just that you should do it? We are British subjects, loyal servants of the Crown. What is this European trader, whose spectre you raise to frighten us? He may be Greek or Dalmatian, Russian or German, Jew or Gentile, but he is rarely an Englishman. Indians have fought as your equals in the war, they have won a seat by your side in the Imperial Conference and in the League of Nations. If these things are not sufficient, in Mr. Gandhi's phrase, to enlighten public opinion, can anything ever be sufficient? Surely the time has come for you to make a new beginning, to abandon the old policy of restriction, and to admit Indians as equals to the rights and duties of citizenship.

No one can deny the logic or the force of this appeal. It recognises frankly that there are only two possible policies—to attempt to make restrictions really effective or to withdraw them altogether. The one involves in a sense, but a limited sense, injustice to the Indians; the other threatens permanent and irremediable injustice to the white race in South Africa. The Select Committee and the Union Parliament, with practical unanimity, chose what appeared to them the lesser evil and they enacted the Asiatics Trading and Land Act. The effect of that Act is

(i) that in mining areas no *new* trading licences can be issued

South Africa

to Indians after May 1, 1919, except in respect of a business for which a licence was held by an Indian prior to that date ;

(ii) that in non-mining areas in the Transvaal an Indian applying for a new trading licence will be in the same position as before the passing of the Act ;

(iii) that after May 1, 1919 it will be impossible for an Indian to evade the law prohibiting him from owning fixed property in the Transvaal, either by forming a limited company or by becoming the mortgagee of a nominal European owner.

It is important to emphasise that there is nothing in these provisions inconsistent with the settlement of 1914. "Vested rights" are preserved in the widest interpretation of that term, in an interpretation far wider than that suggested by Mr. Gandhi in 1914. Nothing in the Act involves the reduction in number of Indian businesses either now or at any time in the future ; nothing in it prevents any Indian or his successors in law or in title from owning or occupying any property wherever situated which he now owns or occupies. Any injustice to Indians which the Act involves lies in the fundamental conflict between the interests of the Indians and of the Europeans in the Union, as each conceives them. The Act was not the work of extremists and it was not due to popular clamour. It was supported by moderate and fair-minded men on both sides of the House for the reason given by Mr. Patrick Duncan, that "it was necessary in the interests of the white population." It is safe to assert that if Mr. Montagu and the Government of India had formed the Government of the day in the Union, with the same responsibilities to the same electorate, they would have legislated on similar lines.

A Social and Economic Problem

For the problem, as it must appear to all South Africans, is essentially social and economic. Colour prejudice against Asiatics counts for very little, for much less to-day than before the war. A few years ago Indians were struggling

The Indian Problem

for the right to occupy seats specially reserved at one end of the Johannesburg tram-cars. To-day they board tram-cars freely and occupy seats by the side of Europeans without protest. The average South African gladly recognises the part played by India in the war. Many thousands of South Africans served with Indian troops in East Africa and Egypt, and learnt to admire and respect them. But they do not admit that the achievements of India during the war, or the new rank which she has justly acquired in the counsels of the Empire and of the League of Nations, can have any bearing on an economic problem in the Transvaal. The white race in South Africa is fighting for the maintenance of a European standard of living against the inroads of a vastly superior native and coloured population. Every step which tends to the displacement of a European with his standard by a coloured man with a lower standard is a step backward. It does not follow, because some Europeans trade with Indians for the sake of economy, that no restrictions should be placed on such trading. The fact that people are found who will buy clothing made with sweated labour is no justification for the extension of sweating. Cheap living ceases to be a good if it is attained at the cost of a lower standard of living. It is the example of this truism which they see in older communities such as Capetown that has made the Europeans of the Transvaal determined to resist the influx of a large coloured population into their towns. In the poorer quarters of Capetown for generations Europeans, half-castes, Indians and Malays have lived side by side. Coloured artisans of all grades of skill compete in every trade with Europeans. The result is race-mixture, a general depression of the standard of skill in skilled trades, low wages and wretched housing conditions. It is difficult in England to appreciate what Asiatic competition and the acquisition and occupation of property in the centre of a town mean in the Transvaal. Here economic causes provide the safeguards which are there being sought in legislation. The proprietor of a

South Africa

restaurant in Piccadilly can afford to regard with equanimity the existence of a fried-fish shop in Shoreditch. Here a low standard of living is a result of poverty; in the Asiatic trader it has nothing to do with poverty and may well go with comparative wealth. If by some process the rents of half the buildings in Piccadilly fell within the reach of persons accustomed to the dirt and overcrowding, to the wretched and unwholesome life of Shoreditch, the danger with which the municipalities of the Transvaal are confronted would be more easily appreciated.

The future of the white race in South Africa is still obscure. It depends on the ability of the country within the next few generations to absorb a white immigrant population large enough to counteract the pressure of the coloured races. There has been in the past, all things considered, singularly little race-mixture, and the two dominant causes of such race-mixture as there is were slavery, which was abolished ninety years ago, and a low standard of living amongst Europeans. In order to maintain white standards during the critical years ahead, artificial restrictions on the economic liberty of the coloured races seem inevitable. In the long run they must prove untenable. White immigration alone can be the ultimate salvation of the white race. To-day it is idle to expect the white population to assist in its own destruction by giving free play to the forces which would undermine it. The position of the Indians is not unique. The problem of the place they are to occupy in the South African State is not dissimilar from that of the coloured population, *i.e.*, the half-castes. These people are for the most part settled in the Cape Province. Very many of them work on the land, where they are invaluable, and their status is assured. They have not hitherto shown any inclination to engage in trade, but many thousands of them work as artisans. The younger and more highly skilled men are attracted by the higher wage scale to the Transvaal. There they find themselves in another world. Where there is no statutory bar

The Indian Problem

on their employment, they are faced by the hostility of the white artisan. The Trade Union, if like the Amalgamated Society of Engineers it adopts the only rational attitude of admitting coloured members and insisting on their being paid the same wages as Europeans with like qualifications, offers a means of raising the coloured man to the European standard of life. There is no Trade Union of general dealers to perform a similar service for the Indian trader.

To complete the statement of the problem it is necessary to add that Indian competition in trade is not confined to the Transvaal. The fact that the recent inquiry, and the Asiatics Trading and Land Act which followed it, relate solely to that Province has tended to obscure similar difficulties which have become increasingly conspicuous in Natal and in the Cape Province. In the last few years there has been constant litigation over the refusal of licences to Indians in those Provinces, and the decisions have shown that, so far as the right of appeal from a local licensing authority to some independent tribunal is concerned, the Indian either in Natal or in the Cape is on the whole less favourably situated than his compatriot in the Transvaal. In the high-veld districts of Northern Natal, where the dominant industries are coal-mining, cattle-farming and the cultivation of maize, and in towns in those districts such as Pietermaritzburg, Ladysmith and Dundee, the competition of the Indian trader presses no less heavily on the European than in the Witwatersrand area itself. The results are identical—bankruptcy of European firms, their displacement in the same premises by Indians, and depreciation of urban property. In the coast districts of Natal, which include the large town of Durban, the conflict of interests is rarely heard of. The climate and environment of those districts offer the Indian a choice of many suitable occupations besides trading; and the large Indian population on plantations and in the towns provides a demand adequate for such Indian businesses as are found. In the Cape the spread of Indian trading is noticeable

South Africa

particularly in towns such as Cape Town and Port Elizabeth. There are now few meetings of the Cape Town City Council at which a long list of Indian applications for licences is not presented and publicly debated with much unseemly acrimony. Neither in Natal nor in the Cape is there any statutory bar to the acquisition of fixed property by Asiatics; and the fact that in both Provinces they possess the municipal franchise on the same basis as Europeans has not failed to procure them advocates in strange quarters.

Repatriation

These, then, are the elements of the problem. It would be idle to pretend that restrictive legislation alone can offer any solution. An endeavour has been made in this article to show that the removal of all restrictions would be no more satisfactory as a remedy. In what direction are we to seek a settlement? The repatriation of the Indians now resident in the Union has been frequently mentioned, but never seriously examined as a practical policy. It obviously presents many difficulties. A large number of the Indians in the Union know no patria except South Africa. They are bound by family and business ties to older men born in India. Repatriation not preceded by expropriation would be a flagrant injustice; but could the Indian population, or any considerable section of them, be expropriated except at a prohibitive cost? No answer can be given to this question without a full inquiry. In any case, if expropriation were found to be a practicable policy, it could only be carried out by a gradual process. A large Indian population would remain in South Africa for many years, and it would hardly be possible or expedient ever to remove all the Indians from Natal. As long as any Indians remain in South Africa, they have a claim to positive justice from the Government of the country. In the negative justice of discouraging all views and practices

The Indian Problem

tinged with passion or prejudice, and of respecting vested rights, neither the Government nor the Parliament of the Union has been wanting. But this is surely not enough. If Indians by their standard of living endanger the white population, they should be encouraged and assisted to raise that standard. If the number of them who are to be allowed to trade is to be permanently restricted, fresh avenues of employment must be opened to them. The Indian standard of life can be raised by two necessary measures—the provision of suitable housing accommodation and proper facilities for education. The housing arrangements in towns such as Johannesburg for natives, coloured persons, and Asiatics have for long been proclaimed by all decent-minded persons familiar with them to be a public scandal; and where a municipality fails so completely to perform one of its first functions, the time is ripe for Government interference. It should no longer be left for Indians, as it has been in the past, to provide for the education of their children, mainly or entirely from their own resources. It is admittedly not easy to divert the energies of the Indian in South Africa from the lucrative occupation of a trader. But the difficulty is not due to any lack of ability on his part. He has successfully cultivated other fields in Natal, and a well-directed scheme of training and of Government assistance would enable him to do so in other parts of the country.

There can be no hope of a permanent settlement of the Indian problem in the Union except by the co-operation of the South African Government, the Government of India, and the Indians themselves. The two Governments can influence public opinion in their respective countries, but are in the last resort its servants. It is unfortunately true that the Indians in South Africa have often been their own worst enemies, and have by their action made concessions by either Government or wholehearted co-operation between them very difficult. They have placed too much reliance in ceaseless agitation, in the enumeration

South Africa

of grievances, often exaggerated or based on distortion of facts, in playing off their friends in India against their foes at home. Since Mr. Gandhi's departure they have suffered much through want of a leader. With all the fierce determination of his passive resistance struggle, Mr. Gandhi was a very patient and wise guide to his countrymen in South Africa. Having secured their fundamental liberties he was content to leave much to time. It is significant that in his last public speech in the Union he spoke of Indian trade, of licences, and of land-ownership and confessed that "they raised difficulties of which he himself had never been able to find any satisfactory solution."

III. THE SOUTHERN RHODESIA COMMISSION.

A MATTER of great interest to all connected with Southern Rhodesia is the inquiry now being conducted by a Commission, under the chairmanship of Lord Cave, into the past expenditure by the British South Africa Company on the occupation, government, development and defence of the territory.

It will be recollected that as long ago as the beginning of 1914 Mr. (now Lord) Harcourt, then Colonial Secretary, decided that a long-standing dispute as to the ownership of what are known as the "unalienated lands" of Southern Rhodesia must be definitely determined. The lands in question were all those that had not been granted away to settlers or reserved for the exclusive benefit of the natives, and amounted in all to the huge area of some fifty million acres. For some years it had been contended by many of the white settlers in Southern Rhodesia that these lands were held by the Company, so to say, "in trust for the people," that the proceeds derived from them ought to be used for administrative purposes only, and that upon any other Government of the territory succeeding that of the

The Southern Rhodesia Commission

Company the lands and the proceeds of them would automatically accrue to such Government. The Company on its side contended that the right of ownership of the surface of the land, like that of the minerals beneath it, formed part of the assets of its shareholders, to the profits of which they were entitled to look to reward them for their vast and hitherto unremunerative expenditure on acquiring, in the face of foreign rivals, defending, and redeeming from barbarism and colonising with a progressive white population, a not unimportant province of the Empire. The Crown had for long maintained a neutral attitude in this controversy, but finally, in anticipation of the date, October 29, 1914, when (the first 25 years of the Company's existence having terminated) it would be open to the Colonial Office under the Company's Charter to make fresh arrangements for the government of Rhodesia, submitted the question at issue by "special reference" to the Judicial Committee of the Privy Council. The Crown also now for the first time claimed that it was itself the owner of the unalienated lands. The proceedings were protracted; the legal argument long and interesting. Finally, in July, 1918, the Judicial Committee delivered its report, which was to the effect that the Crown owned the land, but that the land remained charged as security for the repayment of the Company's out-of-pocket expenditure on the discharge of its duties of government; that, so long as the Company continued to govern, it could continue to dispose of the land and to apply the proceeds to making repayment to itself; and that, if and when an end were put to the Company's government, it would have the right to look to the Crown to secure to it "the due reimbursement of any outstanding balance of aggregated advances made by it for necessary and proper expenditure upon the administration of Southern Rhodesia."

In the light of this report it evidently became a matter of great importance to determine authoritatively what was the amount of the "aggregated advances." Not only was

South Africa

it obviously right that the Company should know at once what its true financial position was: there were urgent reasons connected with local politics why all remaining doubts and uncertainties should be cleared away. While it is generally admitted among the settlers in Southern Rhodesia that the ultimate destiny of the territory is to form part of the Union of South Africa, opinion is much divided as to the course to be pursued in the immediate future. There is a section which holds that, whatever the theoretical objections may be to government by a commercial company, the existing regime has in practice provided good government, that any political change at present would be premature, and that the territory might easily go further and fare worse. Another section advocates immediate inclusion in the Union of South Africa. A third, and at least at one time the most vocal section, demands the immediate grant of such full Parliamentary institutions as would place Southern Rhodesia on the constitutional level of New Zealand or Newfoundland. In reply to representations on this subject, Lord Milner publicly indicated last August that, apart from the obvious difficulties in the way of "Dominion self-government" for Southern Rhodesia arising out of the small size of the white population as compared with the black, the local community would be expected, if local autonomy were to be granted to it, to shoulder at any rate a considerable part of the burden of reimbursing the Company for its out-of-pocket expenditure upon administration. It was therefore obvious that, if the amount of that expenditure were determined to be anything like what the Company claimed, responsible government for Southern Rhodesia alone was out of the question; for the Company were claiming a sum of between seven and eight millions sterling, with, in addition, interest on the various sums, making up this total as from the date of their disbursement. Thus the amount found to be due to the Company might have an important bearing on the political future of Southern Rhodesia.

The Southern Rhodesia Commission

In these circumstances Lord Milner, as Secretary of State for the Colonies, acted in a manner at once equitable and prompt. With the prior concurrence of the Company he appointed a Commission consisting of Lord Cave (late Home Secretary, and now a Lord of Appeal) as Chairman, Lord Chalmers (late Secretary to the Treasury), and Sir William Peat (the head of an eminent firm of chartered accountants) to determine finally, in the light of the Report of the Judicial Committee of the Privy Council, the sum due from the Crown to the Company as at March 31, 1918, the date of the Company's latest balance sheet; the Crown and the Company alike binding themselves in advance to abide by the Commission's findings whatever they might be.

This Commission held its first sitting in London last July. In August it travelled out to Rhodesia, where it held seven public sittings to hear argument between the Company and the representatives of the local community on all points on which the latter desired to contest the Company's claims. The argument did not lack interest, for there is more than one point on which the meaning of the Privy Council's report is in dispute, and where the interpretation of the report, since the sum to be awarded to the Company in large measure depends upon it, falls within the terms of reference to the Commission. For example, the whole history of the suppression of the Matabele and Mashona rebellions of 1896 and 1897, the cost of which amounted to some 2½ millions sterling, has come under review, the Company claiming and its opponents disputing that this expenditure was, in the circumstances of the time when it was incurred, "necessary and proper" within the meaning of the report. The Commission therefore has had more to do than merely to examine old books of account and vouchers, though this task also it has performed with a thoroughness and particularity which would have been impossible for it had it not paid its personal visit to Rhodesia.

South Africa

It has now returned to London in order to give the Attorney-General the opportunity of arguing on behalf of the Crown the points of law above mentioned arising out of the report. At the time of writing its sittings are not yet concluded, and it would be useless as well as improper to attempt to anticipate its findings. But the conjecture may be hazarded that the sum which will be found to be due to the Company will not be so small that a community in the position of that of Southern Rhodesia will be able to burden itself with any very considerable part of it in the shape of a public debt. If that is so, separate local responsible government for Southern Rhodesia is not likely to be found within the sphere of practical politics. The next elections for the Legislative Council of the territory are, it is believed, to be held in April. It would seem that the choice before the electors then will lie, as in reality it has always lain since the Union of South Africa was formed in 1910, between continuance of the British South Africa Company's administration and incorporation in the Union of South Africa; and that that choice will be largely influenced by the developments of Union politics—by the prospects on the one hand of genuine co-operation between all those, whether British or Dutch, who mean to keep for South Africa her place within the British Empire, or, on the other hand, by the prospects of national disintegration and racial strife.

London. January, 1920.

NEW ZEALAND

I. THE MANDATE FOR SAMOA

IN accordance with the request of the Imperial Government, both Houses on September 2 assented by resolutions to the ratification by the Crown of the Treaty of Peace with Germany. Under that Treaty New Zealand is to exercise the powers of mandatory in respect of Western Samoa (Savaii and Upolu), but since the Treaty does not come into effect until its proclamation, which has not yet been made, the New Zealand Parliament has no authority to legislate directly for Samoa. In order that suitable provision may be made for the civil government of the Islands if the Treaty be proclaimed and the complete mandate issued before the next session of Parliament, the Government was advised to introduce the Treaties of Peace Bill on October 14.

This Bill approves of the acceptance of the mandate for Samoa and gives power to the Governor-General in Council to exercise the jurisdiction conferred by the mandate as soon as the Peace Treaty becomes effective. It is to remain in force for twelve months only, by which time it is hoped Parliament itself may be able to enact the necessary measures. The Bill as a whole met with no opposition, and passed its final reading in the Legislative Council on October 23. Expression was freely given to the views reported in our September issue (pp. 818-9), but it was recognised that there was now no alternative but to acquiesce in the settlement provided for by the Treaty.

New Zealand

On November 3 the Government circulated among members of the House the draft of the proposed Order in Council to be issued at the appropriate time as authorised by the Bill. At the head of the Samoan Government there is to be an Administrator, with a deputy, who shall have power, acting with the advice and consent of the Legislative Council of Western Samoa, to make laws for the territory not repugnant to the Order or to any New Zealand or Imperial Act in force in the territory. The Legislative Council is to consist of at least four official members and a number of unofficial members not exceeding that of the official class, all to be nominated by the Governor-General. There is nothing to prevent Samoan natives from being appointed to the Council, and it is intended to carry on the present practice of appointing certain native chiefs to form another body to advise the Administrator and Council in regard to native affairs. The Samoan Public Service is generally to be regarded as a part of the New Zealand Public Service. Provision is made for public health, and the public school system of New Zealand is to be maintained. The New Zealand customs tariff is not to apply to Samoa, the duties being fixed by the Governor-General in Council. A criminal code is included similar to that of the Cook Islands, and there is to be a full judicial system with a High Court, with appeal to the Supreme Court of New Zealand. Other parts of the Order are designed to carry into effect the will of the League of Nations in regard to arms and intoxicating liquors. There are clauses safeguarding native titles to land, vesting the property of the German Government in the Crown, and establishing the currency of New Zealand as the legal medium of exchange. Indentured labour is not mentioned in the Order, but the Government has promised that until Parliament meets again the present number of indentured labourers shall not be increased. According to Sir James Allen, who introduced the Bill, Samoa will not be a British possession, nor a protectorate. "His Majesty will, however, undoubtedly have jurisdiction over

The Mandate for Samoa

Samoa within the meaning of the Imperial Foreign Jurisdiction Act, and the necessary authority to enable the New Zealand Parliament to make laws for the peace, order and good government of that territory on behalf of His Majesty will be conferred by an Imperial Order in Council under the Foreign Jurisdiction Act."

The admission of New Zealand to the Peace Conference and the League of Nations and the issue of the Samoan mandate raise questions of vital importance in the constitutional law and custom of the Empire. Even the men responsible for these developments do not clearly see the important implications involved in their action, and, when pressed for a statement of the consequences as regards the legal status of the Dominion in relation to the rest of the Empire and also to foreign States, give answers that, on close examination, yield only inconsistencies and irrelevancies. During the debate on the Treaties of Peace Bill Mr. W. Downie Stewart asked the Prime Minister to say whether the delegates to the Peace Conference had given any consideration to these questions, "because," he proceeded—

When New Zealand signed the Peace Treaty, unless it be that she was asked to sign it merely as a compliment to her, she took upon herself the status of a Power involving herself in all the rights and obligations of one of the signatories of the Treaty. That means that she may have created for herself a new status altogether in the world of foreign affairs, and instead of being an act, as popularly supposed, to bring together more closely the component parts of the Empire, it may be that it was really the first and most serious step towards obtaining our independence and treating ourselves as a sovereign Power. If that is so, a most anomalous position arises, because you cannot have citizens in a Dominion like this owing loyalty and duty to two separate sovereign Powers. There never has been any such case, and it is illogical to suppose that a citizen can owe allegiance to Great Britain and at the same time owe a separate and equally authoritative allegiance to his own Dominion Government. The way the question will arise in practical politics is this: When it comes to a question of carrying out the terms of this Treaty, in reference either to Samoa or any of the other mandates, we want to know what our position is with foreign Powers if they

New Zealand

say to us, "We treat you as a sovereign State. You made peace on your own initiative and by your own act; and we look to you in the future, whenever a question of internal affairs arises, to act as an independent Power, making peace or war on your own initiative." One can see at once that it gives rise to an immense change in the British Constitution, and it may give rise to the greatest conflict between the different component parts of the Empire. Assuming that in reference to Samoa we get into conflict with some Eastern Power, and that our view does not coincide with that of South Africa or Canada, or with that of the Imperial Government, does it mean that we by the act of signing this Treaty have assumed to ourselves sovereign power to make peace or war? I cannot conceive that such an intention was in the minds of the delegates to the Conference, but from the point of view of constitutional lawyers that is the logical result of the action they took.

As a writer in *The Evening Post* (October 20) points out, "the real value of the searching questions put by Mr. Stewart is not as posers for the constitutional lawyer, but as practical tests for the calculation of consequences and the guidance of statesmanship." This writer goes on to say :—

The gist of Mr. Massey's reply—viz., that the Dominions had signed the Treaty "not as independent nations in the ordinary sense, but as nations within the Empire or partners in the Empire"—was no explanation of the difficulty, but only a restatement of it, and a restatement "which by its very terms rather emphasises than extenuates the difficulty. . . ." Mr. Massey makes the confusion a little worse confounded when he adds that "the change that has taken place in the British Constitution did not date from the signing of the Treaty, but from the time when the representatives of New Zealand were first called to the Councils of the Empire." As a matter of fact, the second development is so far from being the logical outcome of the first that the two are in direct conflict with one another. If the invitation of the Dominions to the Imperial War Cabinet was an effective call to the Councils of the Empire, and to a share in the control of its foreign policy, why do they need to be represented separately and independently of the Empire on an international tribunal? A logical answer to the contention of Senator Johnson and his friends that the British Empire was being given six votes in the League of Nations is not easy to devise. But a much more practically serious difficulty is that the Empire may tend to have six voices on Imperial Policy instead of one, and may overlook the call to an effective unity until it is too late.

The Mandate for Samoa

In regard to Samoa, the main articles of the draft mandate as read by Mr. Massey to the House on September 2 would at first sight appear clear enough. For convenience of reference we quote them in full :—

Germany having by Article 119 of the Peace Treaty signed at Versailles on the 28th June, 1919, renounced all her rights to Samoa, the principal Allied and Associated Powers confer upon New Zealand a mandate to govern Samoa. New Zealand accepts the mandate thus conferred upon it, and will execute the same on behalf of the League of Nations and in accordance with the following provisions :—

Article I.—New Zealand shall have full power of administration and legislation over Samoa as an integral portion of New Zealand, and may apply the law of New Zealand to Samoa, subject to such local modifications as circumstances may require. New Zealand undertakes by all means in its power to promote the material and moral well-being and the social progress of the inhabitants of Samoa.

Article II.—New Zealand undertakes that the slave trade shall be prohibited and that no forced labour shall be permitted except for essential public works and services, and then only for adequate remuneration. It further undertakes that the traffic in arms and ammunition shall be controlled in accordance with the principles contained in the Brussels Act, 1890, or any Convention amending the same. The supply of intoxicating spirits and beverages to the natives of the territory shall be prohibited.

Article III.—The military training of the natives otherwise than for purposes of internal police and the local defence of the territory shall be prohibited. Furthermore, no military or naval base shall be established or fortifications erected in the territory.

It would therefore seem, as Sir James Allen said on October 17, that "Great Britain has no immediate power over Samoa except as one of the members of the League of Nations." But, if this be so, why should there be the necessity to resort to the Foreign Jurisdiction Act of the Imperial Parliament and Orders in Council issued under its authority? How is New Zealand, as it occurs in the draft mandate, to be interpreted? Does it mean the Crown and the General Assembly and Executive Council of New Zealand acting independently of the Crown-in-Parliament and Crown-in-Council of the United Kingdom

New Zealand

or the Government of New Zealand as hitherto limited by the Royal veto exercised on the advice of the Government of the United Kingdom ? It is to be hoped that the complete mandate may throw a clearer light on these points, which are no less than vital to the issue of separation or closer union of the partner-nations with the Empire.

Whilst there were some references to our duty to raise the Samoan people in the scale of civilisation and to the good that might be expected from added responsibilities widening the outlook, increasing the tolerance, and stimulating the interest in foreign affairs of the New Zealand electorate, the debates showed that the chief interest of our politicians lies in commercial advantages expected to follow from our closer relations with Samoa. It was made clear that any financial loss in the government of Samoa must be borne by New Zealand. The party leaders agreed that the Samoan natives should be represented in the Parliament of New Zealand as the Maoris are, though it was objected that Samoan affairs might become a matter of party discussion and divisions, and that the fate of a New Zealand Ministry might be decided on the vote of a single Samoan member of the Parliament.

The subject of indentured labour in Samoa is a thorny one. In order to work the plantations it has hitherto been thought necessary to import labourers from China and the Solomon Islands under strict regulations. These have been approved by the Government of China, which has its Consul resident in the islands to safeguard the rights of the labourers. The New Zealand Government holds that if we are to maintain the islands in their present state of cultivation, we must get labour from outside, and it supports this opinion by reference to the advice of the present administrator, who went to Samoa earnest in the desire to do away with imported coloured labourers if it were at all possible. The Labour Party, viewing the system as a species of slavery, has announced its intention to fight it to the last ditch ; and several other members of the House,

The Mandate for Samoa

as well as many candidates at the elections, are opposed to it as a general and permanent institution. The social evils that accompany the system wherever it brings into contact two or more coloured races of different standards of civilisation outweigh, in the opinion of many, any economic advantages it may have. It should appear well worth while, before extending the application of the system to Samoa, to attempt once more, in the light of the rich accumulation of modern knowledge of the psychology of primitive peoples, to devise an effective system of training the native Samoan to habits of sustained industrial work voluntarily undertaken. But a more deeply based objection to the indentured system was expressed by Mr. Ngata, member for the Eastern Maori District—namely, one that struck at its main assumption that an increase of wealth derived from the islands necessarily means an increase in general well-being. Mr. Ngata agreed that New Zealand is the country that is best equipped for the management of Polynesian affairs

No country (he said, in the course of a truly memorable statement) has the proud record that this country has had in its connection with the most active of the native races inhabiting Polynesia. But he would not like to bring into contact with any branch of Polynesians "the class of labour which is most amenable to indenture." I am (he said) only applying my own knowledge and experience of Maoris in New Zealand; but it seems to me that if sufficient trade is got from Samoa to pay the expenses of administration, and that we are considering in the first place primarily the benefit, comfort and happiness of the Samoans, that possibly it may be wise not to stress too much the matter of profit and trade so far as this new territory is concerned. We might try an experiment in one of the last seats of romance in the Pacific—the experiment of merely bringing up a happy and comfortable people without introducing unduly the element of competition and trade. I do not know whether we can manage that and at the same time make the administration pay. . . . Which is to be the chief policy at Samoa, a good balance sheet, continually increasing, or the happiness of the Samoans? According to honourable gentlemen, they seem to be the only people Nature has designed to live there. The European, I understand, cannot work there on account of the heat. He goes and resides there like

New Zealand

Stevenson, because it is a romantic place. In order to develop the resources of the country you want to use Indians and Chinamen. I do not want to use a harsh term, but it seems to me that the class of labour required constitutes refuse. Are you going to introduce refuse into beautiful Samoa in order to export more rubber and cocoanuts?

For the present the majority of the people in New Zealand who have thought about the matter have, as the *New Zealand Times* says, accepted the necessity of indentured labour, but are anxious that there shall be no room for the abuses that so easily develop in connection with it. But the adequacy of the evidence tending to prove necessity is open to doubt, and the safeguards against the concomitant evils have as yet received little close attention.

II. NAURU AND OTHER EXTERNAL AFFAIRS

AS the primary industries of New Zealand require an abundant supply of phosphates (about half a million a year is at present spent on them), Mr. Massey made a strong claim on behalf of the Dominion to the small island of Nauru (just south of the Equator, 167° east, and about 2,250 miles from Auckland), which is extraordinarily rich in phosphates rock. The Australian delegates sought a mandate for the Commonwealth, but Mr. Massey urged Imperial control, with provision made for an adequate supply of phosphates to Great Britain, Australia and New Zealand. The Council of the Powers ultimately gave the mandate to the British Government. Mr. Hughes (Prime Minister of Australia) and Mr. Massey subsequently held several conferences, and arrived at an agreement (N.Z. Parl. Paper, 1919, h. 290) by which each of the three Governments is to obtain a share of the output of Nauru phosphates at a fixed price, to be determined by Commissioners appointed by the Governments.

Nauru and other External Affairs

The ratification of this agreement, the details of which, according to Mr. Massey, were suggested and negotiated mainly by Lord Milner, was assented to without division by resolution of both Houses during the recent session. The United Kingdom is to receive 42 per cent, Australia 42 per cent., and New Zealand 16 per cent. of the actual or estimated annual production, and the respective liabilities are in the same proportion. During the debates doubts were freely expressed as to the wisdom of the agreement in view of the fact that no sum could yet be fixed as the amount to be paid to purchase existing rights to the deposits, and of the possibility of obtaining cheaper supplies from other sources, since it is very probable that the price of the Nauru supply will be considerably higher than the pre-war prices of phosphates imported from other Pacific Islands. But the prices of all phosphates have risen in the interval, and the Nauru supply, estimated at 42 million tons, should, according to Mr. Massey, provide for the needs of the three signatories for at least 200 years. In view of the requirements of Samoa, it was pointed out that, at the first readjustment of shares, New Zealand should strive to obtain more than 16 per cent. The legislation to give full effect to the agreement may be passed only by the Imperial Parliament, since it is to the United Kingdom only that the mandate is given by the Powers, who will hold her directly responsible for its execution ; the part of the New Zealand Parliament is merely to ratify the agreement made with the Governments of the United Kingdom and of Australia.

The External Affairs Act, passed during the session, provides for a new Department, that of External Affairs under a Minister of External Affairs. This increased specialisation of the executive Government, already desirable in the interests of our dependency islands, was rendered necessary by the acceptance of the Samoan mandate. Since the Minister will have charge of external questions generally, responsibility for which has hitherto been divided amongst several Ministers—such as the administration of the Cook

New Zealand

Islands, the Samoan mandate, questions arising out of our trade and immigration practice—the institution of the Department may ultimately do much to focus public attention on the necessity to think out and apply a clearly defined policy of our relations to the rest of the Empire and to foreign States. Sir James Allen, Minister of Defence, has been appointed our first Minister of External Affairs.

Questioned in the House on October 23 as to whether he would give Parliament an opportunity during the session of discussing the subject of sending a permanent "Imperial representative" to England, the Prime Minister gave little encouragement beyond stating his belief that "each of the Dominions will have to send a permanent representative to London in justice to themselves and in justice to the Empire to do what was practically agreed to at the Imperial Conference and Imperial War Cabinet."

During the election some candidates have made references, more or less casual, to the desirability of State action to encourage immigration. Clearly New Zealand is as yet far from the "point of diminishing returns," and the addition of several thousands of well-selected immigrants would greatly increase the *per capita* wealth of the country within a few years. The Prime Minister, speaking at Christchurch on November 25, asserted the need of immigration. Legislation this session, however, has been confined to increasing the restrictions on unsuitable immigration. The Undesirable Immigrants Exclusion Act imposes restrictions in addition to those operative under the Immigration Restriction Act of 1908. It consolidates and perpetuates certain powers that have been exercised under the War Regulations prohibiting the free entry into New Zealand of Germans and Austrians, giving power to deport unnaturalised alien enemies already in the country, and authorising the Attorney-General to prohibit the landing of non-residents who in his opinion are disaffected, disloyal, or dangerous. The only serious opposition to the measure came from the leaders of the Labour Party, who strongly

General Election : Parties and Programmes

protested against the last-mentioned power as tending to the exclusion of persons mainly because they held political, or religious, or economic beliefs contrary to those of the dominant party. The suggestion of the Leader of the Opposition on the second reading that the power should be vested not in one Minister, but in the Governor-General in Council, was not pressed, and the clause enabling the Attorney-General to prohibit the landing of undesirable persons was carried in Committee of the House by 45 to 4. Meanwhile, public opinion in the Auckland district is beginning to be agitated over the number of Hindus and Chinese settling there recently, and certain labour unions are now drawing the attention of the Government to the necessity of restricting such settlement.

III. THE GENERAL ELECTION : PARTIES AND PROGRAMMES

THE General Election will be held on December 17, within a day or two of the completion of this article. Any estimate of the political probabilities is in the circumstances more perilous than usual.* There are three parties in the field : Reform, which is in power, Liberal, and Labour. The following brief summaries of the policies of the several parties are based on their official "programmes."

The Prime Minister announced on October 11 the Government policy, the chief features of which are :—

(1) An immediate reform of the system of both direct and indirect taxation so as to make the incidence more equitable ; (2) the sympathetic treatment of returned soldiers and the establishment of a special board to consider cases of hardship ; (3) the development of the Dominion by new railways and roads and the utilisation of water power for electrical purposes ; (4) State assistance in marketing products by securing the best possible transport arrangements and the use of State ships if necessary ; (5) encouragement of industry by the use of our own raw material, the establishing of secondary industries, and a State subsidy for the assistance of the fishing industry in particular ; (6) the energetic settlement of Crown and

* The actual results will be found in a note at the end of this section.

New Zealand

privately owned land, with special attention to swamp and arid areas at present undeveloped; (7) increase of trade with the Pacific Islands; (8) the strengthening of Imperial unity by a sound system of Imperial preference; (9) an executive housing scheme, the limit of loans under the Advances to Workers Act and the Workers' Dwelling Acts to be increased to £800—at least £1,000,000 per annum to be provided for this purpose; (10) fuller opportunity for young people in the education system and more encouragement to young men and young women to enter the teaching profession; (11) increased State assistance to maternity patients; (12) no reversion to political control in the Civil Service and more frequent regrading to bring the salaries of Government servants into line with the cost of living; (13) amendment of the system of military training to provide that it shall not interfere unnecessarily with the industrial conditions of the country; (14) a vigorous immigration policy, with substantial assistance to the citizens of the United Kingdom who desire to settle in New Zealand; (15) a bonus to be added to the Old Age Pensions, this amount to be statutory and permanent; (16) re-afforestation and planting of sand dunes so as to provide for the future requirements of the country; (17) State encouragement of town planning enterprises by local authorities.

Mr. Massey concluded by referring to the proposed nationalisation of the coal mines, which is a plank of both Liberal and Labour platforms. He stated that, although he had an open mind on the question, he had not yet had a clear explanation of what nationalisation involved, even from its strongest advocates. He considered that any changes to be made should be by providing better living conditions for the miners and by giving them a consultative voice in the working and control of the mines. Mr. Massey concluded by saying that the Bolsheviks and I.W.W.'s would be his opponents, but that he did not want their support and would not hold office if he depended on them.

Sir Joseph Ward announced the policy of the Liberal Party in a statement which was issued contemporaneously with his resignation from the National Government on August 22 last. The main points in the policy are:—

(1) A State Bank; (2) restriction of borrowing; (3) nationalisation of the coal mines, payment to be made to the owners of the

General Election : Parties and Programmes

mines in Government Stock bearing interest at 5½ per cent. or 6 per cent., but subject to taxation ; (4) development of secondary industries ; (5) State control of freezing works ; (6) nationalisation of flour mills, payment to be made to the owners as in the case of the coal mines ; (7) the sum of £4,000,000 to be provided for the building of new railways ; (8) the sum of £4,000,000 for the building of new roads and bridges ; (9) nationalisation of the ferry service between the North and South Islands ; (10) the establishment of hydro-electrical power schemes at a cost of £6,000,000 ; (11) a scheme of proportional representation ; (12) extended powers to the Board of Trade in order to reduce the cost of living ; (13) an extensive housing scheme at a cost of £4,000,000, and the erection of new educational buildings at a cost of £3,000,000.

The official policy of the Labour Party is uncompromisingly socialistic. The main features are :—

(1) Proportional representation, the initiative, the referendum, the abolition of the country quota, full civil rights to all public employees ; (2) all existing Crown lands to be added to the national endowment, Crown tenants to be absolutely entitled to improvements ; (3) a State Bank with sole right of note issue ; (4) State-owned shipping services ; (5) development of present State coal mines, factories, farms and industrial services ; (6) State control of all branches of insurance ; (7) extension of public ownership of industries involving the food supplies of the people : wherever national ownership of an industry established, at least half the Board of Control to be appointed by the Labour Union or Unions concerned ; (8) nationalisation of the medical service and the provision of free medical attendance ; (9) repeal of the Military Service Act with the establishing of a citizen army on a voluntary basis, with standard wage while on duty together with practical measures for the preservation of peace ; (10) increased taxation on unearned increments and on unimproved land values, and an increase in the graduated income tax ; (11) extensions of the pension system to cover all incapacitated citizens.

(In computing the population of New Zealand for electoral purposes an addition of 28 per cent. is made to the country population—*i.e.*, all persons living outside towns of 2,000 and over. This is the country quota.)

It is claimed on behalf of Mr. Massey's policy that it satisfies all the immediate needs of the country ; moreover, that it is practicable and that full effect can be given the whole of it during the life of the next Parliament.

New Zealand

The Liberal policy, as enunciated by Sir Joseph Ward, is bolder or less modest (as the case may be) than that of Mr. Massey. It is claimed by the Liberals that the policy is progressive and in accord with the traditions of the Liberal Party. Critics, however, assert that it is financially impossible, that the execution of the public works contemplated by Sir Joseph Ward would require about five times as much labour as is employed on the whole of the public works of New Zealand at the present time, and that there are no able-bodied unemployed. Sir Joseph Ward claims that, given the opportunity, he can make good his promises.

The Labour policy is much the same as it was at the last election. The opponents of Labour fear not so much the Labour policy as the temperament of the Labour leaders. For instance, Mr. Bloodworth, the president of the Federation of Labour and a candidate for the Parnell seat, appealed on December 8 to the great middle class to support Labour. He said that if this support was withheld and the political hopes of the Labour Party destroyed, "Labour will express itself in some other way and the middle class will suffer most and longest." Observations of this kind by the official leaders of Labour naturally cause uneasiness amongst the community.

Were we to judge the influence of the war on public feeling and thought by the standard of the general features of political ideals and opinion current in this first post-war election, and by the general type of candidates for the post of representative of the people, we should have to lament the absence of any evidence of a real or vital change for the better. There are very few new candidates, no new parties, and the most insistent of the party cries appeal to as narrow and material interests as of old and pay even less heed to the more fundamental and lasting principles of economics, ethics, sociology, or statesmanship. Among the most striking features of the election campaign up to the present have been, first, the indifference of the bulk

General Election : Parties and Programmes

of the electors as to the result, and secondly, the uncertainty of the result. The apathy is explained by the absence from the political controversy of strong party differences upon any issue of the first importance. The Liberals and the Reformers are at the present time as two shades of one colour. No vital question divides them; all there is in dispute is the occupancy of the Treasury Benches. In these circumstances it is not surprising that the elector takes but a lukewarm interest in the whole matter. Both parties dilate on their past achievements and point to their political pedigree with pride. Partisan newspapers endeavour to whip up the old party feeling, but without success; the old battle cries and banners no longer inspire this generation. There has been a current of opinion setting steadily in favour of a fusion of the two larger parties. It is significant to find Reformers such as Mr. Statham and Mr. Downie Stewart on the one hand, and a staunch Liberal such as Mr. Cragie on the other, standing at this election as Independents. These candidates have taken up this position so as to be free to join any party which may crystallise after the election to resist the Labour Party should a substantial number of Labour candidates be returned to the next Parliament.

The division between the Liberals and the Reformers may be summarised as now being a matter of history, sentiment and fidelity to the two leaders. The sharp cleavage in the country itself is between those who desire the class war and those who do not, and it seems fairly certain that in the near future the parties will be divided along these deep and natural lines.

NOTE.—The final figures of the General Election in New Zealand show the following result :—

Reform	..	..	..	..	..	47
Liberals	..	..	..	..	..	19
Labour	..	..	..	..	..	8
Independent Reform	..	..	..	..	..	1
Independent Labour	..	..	..	..	..	5

New Zealand

IV. THE GENERAL ECONOMIC SITUATION

THE Budget was presented to the House on September 23. Its chief feature is the great increases in the ordinary revenue and expenditure actual for the year ended March 31, 1919, and estimated for the current financial year. The expenditure as estimated for 1919-20 is nearly 50 per cent. more than it actually was in 1917-18, and nearly 100 per cent. more than in 1913-14. The ordinary revenue for the last financial year was 22.4 millions, an increase of 2.1 millions over that of the previous year. Of this amount Customs provided 3.8, income tax 6.2, railways 4.98, stamp and death duties 2.1, post and telegraph 1.96, and land tax 1.5 millions. The ordinary expenditure amounted to 18.7 millions, or 3.6 in excess of the previous year, the main items of increase being on account of interest and sinking fund on war loans, war and other pensions, charges arising out of the recent epidemic, and expenses of the trading departments due to large increases in the cost of materials and in wages. The surplus for the year was 3.7 millions, making a total accumulated surplus of nearly 15½ millions. The increase of nearly half a million in income tax receipts is due mainly to the increased incomes of taxpayers. The increase in customs receipts was due chiefly to the rise in the values (as distinct from the quantities) of the imports. According to the Budget, "there is clear evidence that the value of imported goods generally has appreciated all round by 70 per cent. since 1914." The public debt (debt of the General Government) was £176,260 at March 31st, but has drawn closer to the 200 million mark, or nearly £200 per head of population, since then. A sum of nearly 17 millions is invested as a reserve at call or short notice in London.

The direct cost of the war has been met altogether out of loans and is not included in the ordinary expenditure. It had amounted by June 30 last to over 66 millions (that

The General Economic Situation

is not including interest, sinking-fund, and pensions charges, which are included in the ordinary expenditure and paid out of ordinary revenue). At March 31 the annual liability for war pensions was 1·6 million, and the average pension £59. For the year beginning September 1, 1919, 30·3 millions are required to be raised by loan, of which nearly 10 millions were in hand when the Budget was delivered. Of this huge sum 29·3 millions are for soldiers (Expeditionary Force costs, gratuities and allowances, discharged soldiers' settlements), about half of which will yield interest to the Consolidated Fund. The 12½ millions to be devoted to discharged soldiers' settlement will be taken from the accumulated surplus. The total lodgments to and disbursements from the Public Account during 1918-19 were 72·4 and 74·2, as compared with 17·1 millions in each case in 1913-14. The estimated ordinary revenue for 1919-20 is 22·9 millions, and the estimated expenditure 22·4 millions. After seven months have elapsed, however, the Minister of Finance now expects to get half a million more revenue and to spend about half a million less than stated in the Budget. The tax rates remain substantially the same as last year. The Victory Loan of 10 millions placed on the market in September-October, was under-subscribed by 2 millions, and the Government is now arranging to make all those liable under the compulsory provisions of the law take their due share at the lower rate of interest. Taxpayers expected some relief from the high rates of taxation, but the Government cannot see its way to afford any reduction yet. If the programme of public works, State housing, and nationalisation of certain industries, as drawn up by political parties, is to be carried out, there is much greater probability of an increase in the rates of taxation than a decrease. On September 19 the Government laid before the House a statement of its intention to pay our soldiers on service a gratuity at the rate of 1s. 6d. a day, reckoned from the date of embarkation of the recipient to June 28, 1919,

New Zealand

the date of the signing of peace. Over $5\frac{1}{2}$ millions is required for this purpose, and another half million for extra allowances proposed at the same time. The gratuity compares very favourably indeed with that granted in Canada. Sir Joseph Ward moved to refer the matter back to the Government for further consideration, being of opinion that the rate should be 2s., which would increase the cost to $8\frac{3}{4}$ millions. After a long debate, the Opposition motion was negatived by 37 to 30, and a proposal by a Labour member to raise the rate to 4s. was defeated by 37 to 5. The Government's action in this matter is undoubtedly supported by the bulk of public opinion, including that of the returned soldiers.

There is no doubt that the financial burden, heavy as it is, can be borne by the country and gradually lightened, if the production of the national income be increased and if its distribution be such as not to discourage the co-operation of land, labour, capital and organising and directing ability in the proportions requisite for the common welfare. The Prime Minister is sounding the call to increased productive effort in all his election speeches, and though Sir Joseph Ward's proposed methods of stimulating economic activities differ somewhat from the Prime Minister's, he also is fully alive to the sterner realities of the position. The prosperity due to the enormously increased prices of our staple products during the war, and to the inflated Government and private credits associated with the huge borrowing policy pursued during the last five years, has not been unattended by reactions upon character often unfavourable to the development of the habits of steady work and reasonable economy. The acting chairman of the Bank of New Zealand, speaking at the half-yearly meeting of the Bank on December 12th said :—

Speaking generally, evidences of prosperity are to be found everywhere. The people apparently have plenty of money to spend, and are spending it freely. Wholesale and retail traders admit that they are doing exceptionally well and making good

The General Economic Situation

profits. One cannot but be struck by the contrast between the conditions prevailing here and those in a large part of the civilised world which has been devastated by the greatest war of history, and where the populations of those stricken lands are absolutely destitute and on the verge of starvation; and the thought not unnaturally arises to ask whether our happy condition can be regarded as sound and likely to be lasting. Sound it certainly is, and will be, so long as the country continues to produce to her utmost capacity; and lasting it will be, if our resources of every kind are developed with energy and intelligence, so as adequately to be prepared to meet whatever contingencies may arise.

The prices of land, houses, shares in industrial and trading enterprises, in fact, of everything giving a business return, are unprecedentedly high and still rising. As in all times of rising prices, those in receipt of business profits are reaping large gains, since costs as yet lag behind the prices that can be paid by the public for the locally manufactured or imported goods. But those in receipt of incomes that are fixed or move but slowly are forced to reduce their standards of living. The index number of the prices of the common foodstuffs, weighed according to their relative importance in consumption, stood at October 31 50 per cent. higher than in July, 1914. The Government Statistician estimates that the cost of food, rent, fuel and light, combined in their relative importance in consumption, increased between the end of the first quarter of 1914 and the middle of 1919 by 34 per cent. New Zealand has, therefore, been less unfortunate in this respect than most other countries. But as foodstuffs have risen comparatively little, the increased money and credit available has been devoted largely to augment the demand for other goods; and these, especially imported goods, have risen to a very high level and are still mounting upwards. That the high level of prices is due both to inflation of the currency and to diminished volume of trade or lessened supply of goods in general is suggested by an examination of the periodical banking returns of the Dominion and asserted in the two last Annual Reports of

New Zealand

the Board of Trade. The note circulation is now threefold what it was in 1914, ordinary bank deposits are 50 per cent. more, and advances 60 per cent. The Board of Trade, in its Annual Report, 1919, after as exhaustive an investigation as the readily available data allow, says, comparing the years 1914 and 1918: "Thus, concurrently with a decrease in the volume of business on the one hand amounting to 9·2 per cent., there was on the other hand an increase of note circulation amounting to 214 per cent., and an increase in deposits subject to cheque of 80 per cent., and these changes in the relationship that exists between volume of business and currency (in its widest sense) found expression in a general rise of prices."

During the late session various measures were adopted mainly with the object of easing, directly or indirectly, the burden of high cost of living, and of staving off financial crisis. Unfortunately, in so far as they will affect the currency factor, they may tend to aggravate the evil rather than diminish it; but they are aimed mainly at an increase of production, and in so far as they achieve this object they will have a beneficial effect. Among them are the Acts (1) to encourage the settlement of soldiers and others on the land, and to facilitate the subdivision of large estates; (2) to revise the constitution and extend the powers of the Board of Trade so as to give it a much closer control over business organisation and policy and the fixation of prices, and to establish a separate Department of Industries and Commerce; and (3) to enable the State to provide houses for people of small means, either directly or indirectly through municipalities, employers, or associations of the public, including public servants. Then there is the appropriation of £600,000 for hydro-electric schemes, and of other large sums for reproductive public works.

There is no doubt that many of the high expectations based on some of these measures and on others now proposed (such as those for the nationalisation of several

The General Economic Situation

industries) will not be realised; but the action of Parliament is evidence of the common desire to develop the resources of the country in the belief that it is in this direction that progress lies. If the means adopted fail, or only partially succeed, it will be due mainly to insufficient understanding of all the vital factors at work, a lack of comprehension due largely to grievous shortcomings in our system of education, especially on its civic, historical and economic side. This year, however, increased funds have been set aside for education in all its stages, though these are still inadequate to the real needs of the country, especially in respect of university education and scientific research, and the increased provision has had to be bludgeoned out of the Government.

A Parliamentary Committee on the industries of the country produced a voluminous Report and Minutes of Evidence (Parl. Papers, 1919, I 12), which has had the effect of stimulating public interest in economic policy, and may help to shape the programmes of parties in the near future. There has been an agitation among certain of the manufacturing classes for more protection in the shape of higher customs duties, but the Government has postponed consideration of any change in fiscal policy. The war, however, with its need of greater revenue, its sharpening of national prejudices, its temporary protection to local industries through the interruptions of foreign supplies, and consequent fostering of vested interests of considerable political force, has given new strength to the protectionist propaganda, and the tariff issue will be an important one in the new Parliament. Labour conditions remain good; wages are being raised periodically; there is little or no unemployment. But the cry of the high cost of living and of profiteering is louder than ever, and the blight of the go-slow policy still lies on the coal mining industry, in which relations between the unions and the companies threaten to rise to a crisis that may involve the whole field of industry.

New Zealand. December, 1919.

JOHN HUGH ALLEN OF THE GALLANT COMPANY*

Frater, ave atque vale

Mrs. Montgomery has produced a remarkable memoir of her brother, who was known to and beloved by many readers of this review. John Hugh Allen was the son of Sir James Allen, who, as Minister of Defence, was mainly responsible for maintaining the New Zealand contingents at the Front. The simple statement of that fact is the greatest compliment which can be paid to the ablest administrator ever produced by New Zealand.

His sister has skilfully left John Allen to tell the story of his life for himself in his letters, using her own pen merely to fill in the gaps. The result is a portrait of singular beauty, and also a document of historic value. Like the battle of Inkerman, the issue of the great war was in the main the achievement not of heaven-born leaders, but of average men. If future generations ask why nations so devoted to the arts of war as those of Central Europe were beaten at their own game by nations to whom those arts were abhorrent, they will find the true explanation in contemporary letters by men like John Allen. For in showing us her brother as he was, Mrs. Montgomery depicts for us a type of countless others who, because they hated war with all their hearts, secured victory in war for the countries they loved. Educated at the now famous school of Wanganui, created by the genius of Walter Empson, John Allen, in 1907, came to Jesus College, Cambridge, where his father had been before him. From his earliest days "Honest John," as his Cambridge friends called him, was inspired by a passion for politics and a never flagging resolve to excel as a public speaker. "I am feeling a little restless," he wrote in 1911, "and I shall remain so till I see my way to choose my work and to earn a decent wage. I often think of going out to New Zealand, making a way at the Bar, and going, as soon as I can propel myself, into the New Zealand

* A Memoir by his sister, Ina Montgomery. London. Edward Arnold, 1919.

John Hugh Allen of the Gallant Company

House. I am afraid I am rather ambitious, and I want my life to make a bit of a splash, even if, as is probable, it is of the very smallest description. I have got to a stage when it is not hard to gauge my abilities, and I believe them to be moderate and to require careful canvassing."

To read those words is to know John Allen in all his transparent sincerity. A humbler soul—that is to say, one more free from illusions about himself—never breathed. His modest estimate of his own gifts was coupled with a determination, never relaxed, and often reflected in these letters, to develop them to the best possible use. Without natural gifts as an orator, his tireless efforts to achieve the arts of a public speaker raised him to the well-deserved position of President of the Cambridge Union. Had he lived he would have succeeded in political life as he succeeded at Cambridge, merely by the stubbornness of his purpose to make the best of the powers he had.

The drama of the last decade is reflected in these pages. They will tell the future historian how young men in England lived and felt before the war suddenly burst upon them. There is here a picture of the clean, joyous English life led by boys bent on making the most of their opportunities. The last letter of this series, that written on July 7, 1914, is typical of the rest. No shadow of the tragedy which German atavism was preparing falls on these pages. In the next letter, dated August 15, the outbreak of war is simply mentioned. Ten days later he had joined the Inns of Court Officers Training Corps. On October 30 he writes, "The incredible (three months ago) has happened, and in me you now see a second-lieutenant of the 13th Battalion of the Worcestershire Regiment . . . Personally it has put out of reach all the things about which I cared most and for which I had worked hardest. *Do write!*" What a pathos there is in those italics! And then, with the same patience and persistence with which John Allen had striven to fit himself for the career he had chosen for himself, he now sets out to fit himself for the life which the call of duty had imposed upon him. Just because John was never meant for a soldier, and knew it, he obviously became the best kind of officer for a citizen army. He had such a wonderful gift of seeing the glory behind routine. "Don't think we live a thrilling life here. Much of our work is monotonous. I have lost all the pleasure I once had in shouting 'At the halt! On the left! Form platoon!' or in the novelty of being instantly obeyed and telling people to do things without saying 'please.' But there are occasions when it is all immense—to march out in front of your men and to hear behind you the wonderfully tuneful things they sing; to catch a glimpse of a soldier at church parade wholly absorbed over singing, 'Abide with Me'; and to think of the marvellous change in his

John Hugh Allen of the Gallant Company

life—the home at Bewdley or Worcester or Malvern or Bromwich ; the coming to him of the news of the great war, and of the actual moment in time when he determined to enlist.” And so, in telling his sister of the comrades he met at the musketry school on Hayling Island, he burst out, “Wonderful England, that breeds such a superb youth !” To one who came from a land so remote, his English friends can afford to be grateful for an outburst he can never have thought they would read. And then when at last, in May, 1915, John is picked out and ordered to the Front away from his men, he suddenly realises how he has come to love them. “The devilment of the situation is that I’m going to lose one moral support of incalculable value. So far as I can see, I’m going to lose my men. The men are to be kept on and only the officers are to go. This is simply heartrending. If I had the power to choose, I would rather wait and go out with them. You can’t break ties formed during eleven months of rain and shine without half breaking your heart. To change command at this moment will, I honestly believe, decrease the fighting value of all of us. I feel a seven-months old Ulysses :—

“My mariners, ye that have fought and wrought with me,
Who ever with a (?)

Took the thunder and the sunshine and the rain.”

“And now we are going to take ‘the thunder and the sunshine and the rain’ alone.”

Then he tells his father how on Sunday afternoon the sergeant-major lured him into the billet, and, in defiance of King’s Regulations, the men presented him with a token of their respect. Just before leaving he paraded his men and addressed them. “I did all I could to make it unlike a speech, but perhaps for that reason it was perhaps the best speech I have ever made.” And to read the few great, simple commonplace things that he said to them is to feel that his speech could scarcely have been bettered. It is well that the scene remains on record—between the lines—the New Zealander’s love for his Englishmen, and theirs for him. That Allen was reserved for the ordeal of facing death without the men he knew and loved was also well, for the event proved that he was more than equal to it. On May 25 he landed in Gallipoli. On June 6, by exposing himself in the open, he rallied his men, who had been shelled out of a trench, and was killed in doing so.

In those twelve crowded days of almost incessant fighting John Allen found time to write nine amazing letters. In these few pages he condenses the horror, humour, heroism, chivalry and glory of those awful slopes of Gallipoli. The fire of battle seems to set every facet of human character ablaze, and these letters reflect them

John Hugh Allen of the Gallant Company

all. John Allen was no genius. The sovereign value of his letters is the picture they present of one amongst thousands of goodly youths, and how worthily they bore themselves "when called to face an awful moment to which heaven had joined great issues." Valour and virtue are not commodities. Their worth is not fixed by supply. Proved to be common, they keep their price. The glorious record of one young soldier is not dimmed by a multitude of others, nor yet by the thought of that far greater number of whose achievements no record remains. These letters are precious because they prove that there are no heights to which the average man may not rise if only, like John Allen, he spend his life painfully making the best of such faculties as he has. "That little political career of which I have dreamed almost since I was in pinafores—rising from the front bench in an excited house, winning the applause of a massed and militant meeting—well, I suppose it is more out of reach than ever; but I still dream of it." And no unworthy ambition either. John strove to achieve it with every faculty he had, and in the end achieved something vastly different, incomparably more heroic. He was not destined to win the applause of massed and militant meetings. Yet from age to age he will win the applause of young New Zealanders when they take this book down from their shelves.

And yet, when all is said and done, no genius by virtue of mere imagination could write anything of battles quite so thrilling and yet so convincing. John Buchan's description in *Mr. Standfast* of the fight for Amiens is perhaps the best work of the kind yet done in this war by a professional writer. Compared with Allen's letters, written, with one foot in the grave, of the things before his eyes, the best secondhand description of battle scenes tastes like flat beer. His terse, clear, nervous prose, packed with meaning, replete with observation, proves how a man may write who once forgets to think how he is writing. John Allen just wrote to make the tremendous things he saw round him visible to his friends before he died, and succeeded beyond imagination. We believe that these letters will survive, in New Zealand, at any rate, so long as printing remains an art.

One week before his death he wrote, "I shall never be quite happy until I have written a book." That ambition, at least, was already achieved; and, thanks to a labour of love, the results are before us. But what a different book from any which in years gone by John Allen could have imagined himself as likely to write!

It is a pity to spoil these last letters by mere quotation. They cover some twenty-four pages, and no reader who once takes them up will put them down or fail to turn back and read them again. There are, however, two passages which cannot be passed without notice. "Darkness pervaded not only the air but all our minds—

John Hugh Allen of the Gallant Company

indignation at the intense folly of mismanaged world politics that lead to all this rose in one like a physical sickness. It was almost unbearable. It would have been totally so—at any rate, to those of us with lively thoughts and feelings—had it not been for the clear light of an ideal to lead us through this consummation of murk and misery. I pray that I shall retain that. There is no other consolation, except the pleasure of being among brave and splendid men.”

“The intense folly of mismanaged world politics” goes to the root of the whole matter. What civilization has to deal with are not the occasions of war, but the causes of war. Surely it is clear enough now that the murder at Sarajevo was but a spark in a powder magazine. The extinction of that particular spark would only have postponed war until those determined to have war had thrown in a blazing brand. If whole nations are allowed to develop the temper of Germany and Austria, while free communities shut their eyes to the menace, there comes a time when war is inevitable. For the free peoples there is no security till each and every citizen in peace is actually and knowingly responsible for the maintenance of peace. Now that we see what war means, let each man ask himself what he is doing, what, under existing conditions, he can do, to maintain the peace which men like John Allen have died to give us. His words echo from the trenches of Gallipoli like a cry in the night. Heaven forbid that we who survive should turn a deaf ear to his voice.

The absence of one word of hate is the sweetest thing in all these letters. John came as near to loving his enemies as creatures of flesh and blood are ever likely to reach in the stress of war. And throughout the love of his friends, often the love of his country, was the mainspring of his being. In truth it might be inscribed on his grave that John Allen thought well of men. To the last he had great joy in life. “Full of wretchedness and suspense as the last few days have been, I have enjoyed them. They have been intensely interesting. They have been wonderfully inspiring. That they have been so is due to the men with whom I have been. I always was an optimist; I have never lost faith in human nature. Now I know—now I know I was right.”

And if anyone doubting that ultimate faith should read these letters, he, too, will know.



2h

47 100
23

